

FAR EASTERN ECONOMIC REVIEW

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COLOMBO PLAN CONFERENCE IN SINGAPORE

The plenary session of the Consultative Committee of the Colombo Plan for Cooperative Economic Development in South and Southeast Asia opened on October 17 in Singapore. At the inauguration of the meeting the governor of Singapore, Sir Robert Black, informed the distinguished gathering of statesmen, cabinet ministers and ambassadors that it is now nearly six years since Commonwealth Foreign Ministers met in Colombo and set up the Consultative Committee to survey the needs and resources of countries in the area, and to stimulate the co-operative effort by which they may develop and diversify their economies and raise the living standards of their peoples. The concept was imaginative, almost visionary; the task gigantic. But, at bottom, its problems are practical, and a challenge to the goodwill, the resourcefulness and the resolution of man. That there is no lack of these qualities, and that the challenge is being met, is shown by the tangible evidence of new factories, dams, power stations, roads, houses, irrigation projects and the like. The Plan is well under way, but economic development is a never-ending process, particularly in the face of rapidly expanding populations. Much of this progress may be ascribed to the moral inspiration of political and constitutional advances, and to the understanding and encouragement with which the more-developed countries seek to supplement the efforts of the less-developed countries. From its origin in the family of the British Commonwealth the Colombo Plan has developed into a wider international body in which East and West collaborate

to the mutual benefit of both, and to the eventual advantage of the world as a whole.

The leader of the Indonesian delegation (Dr. Ide Anak Agung Gde Agung) referred in his address to the general elections just held in Indonesia, the first ever in the history of that country. These elections are important above all because they will clear the way for stability. Indonesia is now about to launch out on a flourishing era of construction and advancement. The Indonesian representative then stated:— It is now nearly three years since Indonesia became a member of the Colombo Plan. Up to the present, we have been afforded the opportunity of receiving most valuable technical assistance from the other members of the Colombo Plan. We have sent out young people for training to Canada, Australia, Great Britain, India, Ceylon, New Zealand and the U.S.A. Some of them have already returned and we are now enjoying the fruits of their study. In addition, we have welcomed to our country experts in various spheres of activity from a number of countries and have also obtained valuable equipment for the establishment of training centres and for experimental projects now being undertaken. But, the assistance which we have received through the auspices of the Colombo Plan have been confined to technical assistance. While it is true that we have in the first place to draw from our own domestic resources to finance various projects, it is nevertheless a fact that economic assistance from abroad will greatly assist us in our work. Our food production needs improvement by using better

techniques such as mechanization, although the results achieved at present are very satisfactory. We also have to expand our industries and mining. Our efforts in these fields will bear fruitful results only, if apart from other things, enough technicians are available for such purposes. It is for this reason that we give such a high priority for technical education. We would very much welcome economic assistance more specifically in the fields of transportation and communication. There is a great need for aid and assistance to the newly independent and non-industrialised countries.

The leader of the Australian delegation, Mr. R. G. Casey, stated *inter alia*: Australia has taken from the first a close interest, a co-founder's interest, in the Colombo Plan. What was at first a novel form of co-operation, has now become accepted. Australia is satisfied that the enterprise justifies the fullest measure of our further support and we shall welcome the continuance of the Plan. When we embarked in 1950 on this unique undertaking we set an experimental target period of six years. In the broad, the Colombo Plan represents aid by the more developed countries to the less developed countries. In this regard Australia is on both sides of the fence. We are, from many points of view, a country still in the active developmental stage, in respect of building up our population and developing our natural resources and our industries. This makes us well aware of the growing pains of underdeveloped countries, although it limits our ability to help others. As is inevitable with a growing country, we are capital-hungry and are seeking investment of capital, equipment and skills from countries that are more fully developed industrially and otherwise than we are. The Colombo Plan has developed on a series of bilateral lines. Each of us deals directly with each other, with no attempt to form a pool of aid from which each would draw. The problems of each country are peculiar to itself. There can be no standardized form of co-operation—no forcing of any one country into giving or receiving of any common form of aid. Perhaps the only exception to this is the fact that all the free countries of Asia are in some greater or lesser degree in need of technical assistance. So far as Australia is concerned, we are prepared to give more opportunities for training to such countries as wish to take advantage of them. The developmental proposals of the Asian members of the Colombo Plan are their own. The initiative must remain with them. They must in the main find the funds to finance them. The Colombo Plan and all other forms of outside aid must be marginal and subsidiary to the principal contributions of the country itself.

Secretary of State for External Affairs of Canada, Mr. L. B. Pearson, stated that the Colombo Plan is an unusual, even a unique, venture. Canada is anxious to have this co-operative enterprise continue. None would like to contemplate the possibility that it might end in 1957. By means of bilateral arrangements directly between the countries of South and Southeast Asia and the countries which are able to provide economic assistance, a substantial

contribution has been made to the goals of welfare and prosperity. History will record that the Colombo Plan has made a significant and lasting contribution to the economic welfare of Asia. However, more important is the increased international understanding between the peoples of the member countries which is resulting from co-operative activities.

The representatives of Singapore and of the Federation of Malaya welcomed the Plan and acknowledged the need for aid and assistance. The leader of the delegation from Thailand, Major General Siri Siriyodhin, made the following statement: "Thailand has assumed full responsibility under the plan and has availed itself of the advantages accruing from it. We greatly admire the spirit of the donor countries, which always seek to render aids and the benefit of their experience to less fortunate countries. Our thanks go not only to the Governments of those countries but also to their people, without whose understanding and sympathy Governments will have found it difficult to carry out their commitments under the Colombo Plan."

The leaders of the delegations from the United Kingdom and the United States promised continued support. Mr. M. D. H. Jayewardene, for Ceylon, acknowledged the great value of the assistance which the Plan has made possible. Mr. T. L. MacDonald, New Zealand Minister of External Affairs, suggested that next year's meeting be held in his country. Japan's Minister of Trade, Mr. T. Ishibashi, assured that his country was anxious to contribute to the development of Asia but that such contribution, against Japan's will, was confined to technical assistance. India's Minister for Irrigation and Power, Mr. Sri G. L. Nanda, was emphatic about the Plan's leading up to improving living standards of the peoples in Asia. Representatives of smaller countries, such as Nepal which sent Mr. B. B. Pande as the king's special envoy, were all agreed upon the need for continuation of the good work of the Plan.

In an address the Pakistan Minister for Foreign and Commonwealth Affairs, Mr. H. H. Choudhury, reviewed the Colombo Plan as a great endeavour and a great experiment. It has become a vital part of the economic life of this area. In a world of tension, it is a symbol of unity and co-operation. The sincerity of purpose, the unselfishness of approach, the community of interest, the equality of partnership, the informality of discussions, the harmony of conclusions and above all, the genuine desire for worth while results are some of the features which have characterised association of countries as big and powerful as the United States of America and as small and weak as many amongst us. That is why, more and more countries of South and South-East Asia have found it possible and useful to join the Colombo Plan family, which now embraces the entire region. It is true that development would have proceeded in these countries even without the Colombo Plan for that is the call of the times. But the Colombo Plan has certainly made us much more development conscious; it has egged us on to mobilise our resources much more fully, and it has enabled a freer flow of co-operative assistance. A most important aspect of the Colombo Plan has been the achievement of a better understanding between the West and the East, and the restoration and strengthening of our respect for each other. So long as the democracies of the area keep the initiative in the field in their hands they can ensure the continuance of our democratic way of life.

Mr. Choudhury continued, Pakistan has benefited greatly by the aid offered by our more affluent friends—both technical and capital. We welcome this aid particularly because of the manner and the spirit in which it is given. However, we have no desire to count on its indefinite continuance. We are anxious, as quickly as we can, to raise the level of our own production and incomes to a stage where

THE SINGAPORE SCENE

Goodwill Mission to Indonesia: Singapore's Goodwill Mission to Indonesia, led by the Chief Minister, Mr. David Marshall, succeeded both in its prime purpose of creating goodwill and in gaining immediate economic concessions and good prospects for the detailed economic talks to follow. It was a well-deserved personal triumph for the Chief Minister whose proposal and timing it was, and may well open a new era in Singapore's trading relationship not only with Indonesia, but also with all her Asian neighbours.

The Mission included the Chief Minister, Che Abdul Hamid bin Haji Jumat, the Minister for Lands, Local Government and Housing, Mr. J. M. Jumabhyo, Assistant to Mr. Marshall as Minister for Commerce and Industry, Mr. Yap Pheng Geck, Chairman of the Trade Advisory Council, and Mr. J. B. Clegg, Permanent Secretary to the Ministry of Commerce and Industry. The Mission was welcomed with full diplomatic honours under the aegis of the Foreign Office and the programme could not have been more full or efficiently organized. The Chief Minister said it was no accident that their first overseas voyage of discovery since they took office should be to Indonesia, and paid tribute to their achievements in face of great difficulties and to the long history which they had to draw on for strength and experience. The essence of his speech was in his promise that Singapore would change its attitude and place in the new pattern. "We believe that increasingly in the future independent nations of Asia will need Singapore, their market place—the honest broker and catalyst of prosperity—that India and Indonesia, Burma and Ceylon will find our service to their advantage and to their enrichment. We seek to serve. We want to study your needs, as the needs of the Asia of the new pattern. If that means a change in our ways of doing things, we will make that change. We

the momentum of savings generated within the country would enable an adequate rate of further progress. That would be the real test of the success of the aid given. On our part, we have made and are prepared to make all possible endeavours necessary for the attainment of this objective. The present life of Colombo Plan will end in 1957. Our friends would not desire to leave the great mission in which they joined when it is only half way through. We should, therefore, all welcome the continuance of the Plan, and we hope that some of the countries which are today recipients of aid will soon develop beyond the need of further aid and would be in a position to offer, in turn assistance to those who are less fortunate in that respect. A great deal has yet to be done. Judging by their per capita incomes, the peoples of South and South East Asia are still about the poorest in the world. To free them from want and to restore to them human dignity and a decent existence, is a challenge to humanity. The Colombo Plan is a pointer that the challenge has been accepted and that the task will be done.

Mr. Salvador Araneta, for the Philippines, stated that the Colombo Plan should be maintained and strengthened. "The attainment of peace and prosperity seems to be a never-ceasing aspiration and so we of the Colombo Plan will, perhaps, never be in a position to say that our labours have come to an end. When the economic development of our countries shall have been reasonably achieved the Colombo Plan will rank in history with the Marshall Plan and the Point Four Programme of the United States Government as one of the greatest instruments for human welfare and for the realization of man's dream of true democracy, both political and economic, in this atomic era."

wish to be in the van of Asian ascendance and not in the rearguard of European history. And we say this in no hostility to European culture and European science and European political thought from which we can emerge no less true to ourselves, yet richer in skills and experience. We believe that the more farseeing European powers have learned the lessons of Colombo, of Bogor and of Bandung, and realise that the Asian element in the pattern of the world is in the ascendant. For this reason we claim that though not free of all the mechanisms of a colony, our spirit is not colonial. We come to you to learn as Asians and to give what we can to the development of Asia.

These are thoughts in this Goodwill Mission. Marshall concluded his speech with the announcement that the Singapore Government had agreed to the opening of a branch of the Bank Negara in Singapore. This will be the first overseas branch of any Indonesian bank, and that Indonesia's first step out into the field of international banking should be through Singapore was a symbolic first fruit of the new relationship. Although the Mission was not primarily economic, there was immediate economic agreement. The Indonesian Government welcomed the Working Party on October 1st to prepare the way for the full Economic Mission in December. Both would be jointly with the Federation, if they so desire. They also announced there was no discrimination in the new Trade Regulations against Singapore and that a temporary relaxation on the ban on the export of slab-rubber to Singapore the details to be worked out by the Working Party, and sympathetic consideration of the importation of dried fish from Singapore. The Singapore Mission promised sympathetic consideration of the question of repayment in Malayan dollars for fish and timber imported from Sumatra, and early consideration of a mutually acceptable solution of the payments problem. It also promised again full co-operation in establishing and maintaining normal, healthy trade relations. The Indonesian Government too announced that it would welcome the early appointment of a Trade Commissioner, and it is hoped that this appointment will be a joint one with the Federation. For short discussions on a Goodwill Mission these were a real earnest of the better relations yet to come, not only in the commerce, but in the cultural field, the importance of which were emphasised by the Singapore Mission.

It has begun the ebbing of the accumulated tide of suspicion. Singapore has the opportunity of becoming, and being regarded as, a territory not only in S.E. Asia, but of S.E. Asia. Singapore's bases must be firm in S.E. Asia if it is to survive as a capital of commerce. If its Asian goodwill is assured and its accumulated experience put at the service of the Asian new nations which after political revolutions are seeking permanent economic policies, Singapore will not only survive as a part of Asia, but can take a position of leadership in the new commercial pattern of Asia which will become increasingly dominant in the wider commercial pattern of the world.

Amnesty and Public Security: On September 9th, the same day as their offer was made by the Federation Government, the Singapore Govt. offer an amnesty to the Communists within Singapore estimated at 3,000 in number. The purpose of the declaration is to allow "all those who are able or wish to escape from the Communist terrorist organization in Singapore" to do so "without fear of punishment for their past Communist activities." The terms are that those who surrender will not be prosecuted for any

DEFICIT FINANCING IN FAR EASTERN COUNTRIES

Crushing poverty is what all the countries of Asia have in common, and the supreme challenge which faces those countries is this—the scale, and the speed, at which the living standard of the people can be raised. In fact, to sharpen the point still further, the challenge is above all SPEED. With a high rate of fecundity, population is being added to at a rate which outstrips production of goods to feed, clothe and house it. Production must be made to rise even faster, or the only limits to poverty will be famine, disease and war.

Having said this, how is it to be done? Substantial increases in investment are called for. But where are the

offence connected with the Emergency committed before the date of the offer. After investigation those "who show that they genuinely intend to be loyal and to give up their Communist activities will be helped to regain their normal position in society." For the rest, restrictions would have to be placed on their liberty, but requests to go to China would be considered. Commenting on the offer the Chief Minister, Mr. David Marshall, said "The Communists who do not accept this offer will forever stand damned in the eyes of the public as being creators of subversion and chaos without a shred of true nationalism or loyalty to the welfare of this territory."

The Legislative Assembly passed the Public Security Bill which with 6 other Bills will put into the form of legislation of 3 years duration the amended provisions of the Emergency Regulations. The changes are that the person detained will have the right of appeal to an Appeal Committee of 3 judges. Their decision on releasing a detainee is final. But if they support his detention, the final decision lies with the Council of Ministers, but must be reviewed by a reviewing officer every 6 months. The basic need is to ensure the security of Singapore which had been threatened continuously by Communists. This new bill was the most liberal, the most circumspect, giving the greatest protection to the basic rights of the citizen. The 3-year period was set because the threat of Communism was continuous.

Citizenship: Following his discussions with the Secretary of State for the Colonies, the Chief Minister has had 3 meetings with representatives of all communities in search of a generally acceptable solution. His original proposal required an oath of exclusive allegiance to the Queen and renunciation of any other loyalty. The applicant must be over 40 years of age, must have lived 15 out of the past 20 years in Singapore and must make a declaration of permanent settlement. With the status of British protected persons, they would have the full rights and obligations of citizens. These proposals had a good chance of being adopted in essentials by the Chinese leaders, but the Malay leaders were under pressure to hold out for full naturalisation. In the end an alternative form of citizenship which was suggested would come automatically to those born in Singapore, but which would require an oath of exclusive loyalty and declaration of permanent residence from all others, including citizens of the U.K. and the Colonies. This appeared acceptable to the Malays, though it reduced the difficulties of citizenship for Chinese which previously they had considered were being too readily reduced. The search for a sub-citizenship within the category of citizenship of the U.K. and the Colonies has been referred to an international lawyer, but in its attempt to anticipate a right which will come with Dominion status, it appears to take the question out of the urgent immediate category.

funds to come from? Investment means the putting of parts of income to be devoted to building productive assets, instead of devoting the whole of income to day-by-day spending. But because of the low living standards, very few people can put anything by; they can hardly afford to pay taxes.

This is the vicious circle of poverty: people are poor because they are poor, and so they go on being poor. This is a fertile soil for Communism indeed.

Is there not, however, a way out? Cannot the vicious circle of poverty be broken, reformed into a beneficent circle of plenty?

Asia is not without resources. It has a surfeit of the most precious of all resources, namely, manpower. It teems with people. Some countries have rich agricultural and mineral assets, with immense economic potential waiting to be translated into wealth.

Different political systems return different solutions to the challenge of development. Communism has an answer which many abhor because it entails the sacrifice of individual freedom, a denial of man's personality. Democracy preserves and even ennobles personal freedom, but it does not "guarantee", as the Communists claim, a quick result.

Between these two, the common man is bewildered at the choice. Personal freedom would seem to have little meaning for him—he probably cannot recall ever having had it, down in the grinding destitution in which he lives. That he is often deluded by the Communist answer is understandable.

The essence of the economic problem in Asia is the same, whether a given country takes the communist or the democratic road. Resources have got to be transferred from current consumption; men have to be used to convert the saved resources into the means of producing further goods.

Communism promises to achieve this by depriving the general consumer of a certain part of total output of all goods, which the State, in complete control of all goods and all money, sets apart in a total plan. Everything is controlled, policed.

Democratic procedures seek to keep controls down to a minimum, to leave a very large part of the economy in private hands, but influencing activity by fiscal and monetary means, pushing and pulling the economy gently into shape, without economic policing—and with the minimum of personal policing, too.

The monetary measures which a democracy can use, besides taxation are: 1. borrowing funds voluntarily saved by the community; 2. creating new money.

The success of any use of these, separately or together, depends on how well the Government can prevent market prices being upset—for they can be upset.

* * * *

Revenue from taxation being small, and private voluntary savings being small, too, there is growing interest these days in the ways of raising capital by means of budget deficits. Rather than permit poverty, should not Governments create new investment by creating new money?

Deficit finance, for the present purpose may be defined as the creation of new money by the State. All States have done this sort of thing in wartime, and the question has often been asked why in peacetime, in depression or in boom, the same mechanism cannot be used to spur on activity.

The State decides to create new money, but it is the Central Bank which has to carry the policy through. There may often occur differences between the two over the scale and speed of such new-money creation.

When the Government spends newly created money, it strengthens effective demand by increasing the amount of purchasing power in the pockets of the public. Business gets brisker, prices tend to rise. But exactly how much prices rise, and how dangerous the situation becomes, depends on three separate factors: how much more goods the public suddenly wants; how quickly the supply of goods increased to meet demand; what the effect is on the external balance of payments, the country's "foreign banking account."

When a dose of new money is administered to the ordinary consumer-in-the street, he may spend it at once, or save it. In countries where everyone is more or less poor, he will almost certainly spend all of it—and still not be very well off in terms of comfort or even health. So new money in poor countries is very quickly "inflationary," driving prices up.

Many people use money only for a small number of purchases. Many goods are grown or made by the consumer, or bartered for other local goods. The small role that actual money plays means that new money affects only a small part of the total economy, and so the inflationary effect is the smaller. For instance, in advanced countries the amount of money used as a proportion of total national income is between 30 and 60 per cent; in leading countries in South and South-East Asia, this proportion is more like 16 to 30 per cent.

Again, if bank credit and banking mechanisms are highly organised, and handle large proportions of the country's activity, then new money has a quicker and stronger price-puffing effect. In Asia, banking is less developed, and so the more dangerous effects may be avoided to a degree.

There is of course one way in which the State can prevent the new money being spent on everyday goods, and that is to tax it before it is spent. This will mean that many things, especially everyday articles, will have to be taxed with excises and sales taxes, for the bulk of the money will be spent by the poorer man. Hence the need for "political courage" to tax him.

The reason for deficit financing (spending more money than is got in by revenue) is to get development moving now, instead of waiting for people to save for it, or waiting for sufficient revenue to come in. Time is important.

So if the new money is devoted to activities which yield quick returns, and give a large output for the size of the original investment, then supply will soon catch up with demand, and inflation of prices be correspondingly lessened. In under-developed countries, many activities take a long time to develop, because people have to be trained, and there is lack of experience in "hustling things". In agricultural countries, the sun and the rain cannot be hustled.

Money alone does not increase production, so the worst bottleneck is not capital funds. What the Asian countries lack more than anything else are initiative, enterprise, skill, and the will to produce. The slower the pace, the more the inflationary danger.

Nevertheless, there are investments, needing no heavy capital funds, where quick results can be obtained—in farming, in community projects, in cottage-type industries, in improvements to the soil and additions to irrigation works. India and Japan have demonstrated the possibilities.

It may also be decided that, although spending new money on (say) bridges or power stations will give hardly any return for decades, if these cannot be financed out of

taxation, local savings or foreign funds, what is the choice—the risk of inflation, or almost certain stagnation? Better break the bottleneck at any cost than be throttled by it.

* * *

New money increases demand for goods and services. This means that there may be less goods for export, and greater call for imports. In both ways, the trade balance is worsened. If prices inside the country rise, exports become more costly to produce, and they do not compete on world markets so well. The dangers in this situation depend on how important foreign trade is to a given country, of course. In Ceylon, Indonesia, the Philippines and Thailand, all dependent for a large part of national income on proceeds from exports, the demand for imports is high.

In Ceylon, out of every Rs. 100 financed through new money, Rs. 40 or more will go to buying imports. But in India, out of a similar Rs. 100, only Rs. 5 will tend to unbalance the payments schedule. The drain on the foreign reserves of these two countries will thus differ in speed—Ceylon's reserves will start dropping almost at once, those of India taking a longer time to diminish significantly.

Of course, the State can use price controls, import controls, investment controls and exchange controls to stop this effect. How well such a system will succeed will depend on the efficiency and incorruptibility of the administration—and in the countries of Asia, these qualities are not always present, alas!

It is not possible to offer any set formula for deficit finance. Countries differ, and times change. But the experience of two countries will serve to illustrate the actual working of the above analysis. They are India and Ceylon.

Ceylon resorted to deficit financing on a large scale in the period 1951-53. Deficits on the budget reached 20 per cent. of total revenue. Foreign reserves fell 30 per cent. But this helped to check any rise in the money supply, which rose only 2 per cent.

Income per head at constant prices (equivalent, more or less, to the value of production) rose only 6 per cent in the three years. This was because a large part of the deficit financing was used by the Government, not on real investment, but on food subsidies, to the tune of Rs. 500 million. There was no real planning.

The Indian experience was quite different. Deficit financing was on a giant scale—as big as 75 per cent of the total revenue, in the years 1952-54. This money was used to finance capital investment under a proper five-year plan, under proper priorities.

External reserves actually rose slightly, but money supply expanded by 14 per cent. In fact, the grumble was that the State kept too tight a rein on money, not letting it boom, and the rest of the economy with it. Production rose markedly. Farm output zoomed 27 per cent., factory output 50 per cent. Despite population increases, per capita output went up 6 per cent in two years.

These two experiments contain a lesson—and a warning. India tells us that if there is an ordered plan, if the Government knows what it is doing, then deficit finance can turn idle people, idle things, idle land, into wealth and health and strength. India also tells us that a country can stand a deficit much better if it is not so terribly dependent on a narrow range of export goods for most of its pocket-money.

But Ceylon tells us that when used for the wrong purposes, deficit can be not only ineffectual, but even catastrophic. Without a plan, without thought, such a country with a deficit is the Prodigal Son, and he will soon find himself down among the pigs, fain to fill his belly with the husks that the swine did eat.

— JANA (COLOMBO)

URGENCY OF BIRTH CONTROL IN ASIA

Japan and India are the first Asian countries to take action of population control. Their progress is being watched by all who regard rapid population growth as a threat to the economic well-being of Asia. The geographical and cultural differences between the two countries make a comparison of their problems and their policies all the more interesting.

The problem facing the Indian Government is to feed adequately (and almost entirely from domestic sources) a population which increases by over five million a year, and whose farm productivity is kept low by surplus rural labour and whose present food deficiency causes widespread distress. The Registrar-General of India estimates that by 1981 the total population may be 520 million. India's answer to this problem is an ambitious series of Five-Year Plans, the first of which (1952-6) is nearing fulfilment. A second plan is already in preparation. Like all such plans, the first aim of the Five-Year Plan is to maintain and possibly raise the standard of living by planned development of industry, agriculture, and the public services. But, unlike other similar national plans, it goes on to deal with population problems, on which it states:

"The recent increase in the population of India and the pressure exercised on the limited resources of the country have brought to the forefront the urgency of family planning and population control. The application of medical knowledge and social care has lowered the death rate while the birth rate remains fairly constant. Population control can be achieved only by the reduction of the birth rate to the extent necessary to stabilise the population at a level consistent with the requirements of national economy. A reduction in the rate of growth of the population must be regarded as a desideratum. Family planning or spacing of children is necessary and desirable in order to secure better health for the mothers and better care and upbringing for the children."

The Planning Commission also recommended the promotion of intensive studies of attitudes and motivations and of methods of educating the public in family planning; the setting up of field experiments designed to assess the merits of different methods; and the provision in Government hospitals and health centres of the means by which advice on family planning could be imparted.

The Japanese have nothing comparable with the Indian Five-Year Plan. Their main problem is not agricultural or basic industrial development but the economic difficulties of trying to revive their pre-war export trade in manufactured goods and the old pattern of trade with East Asia and the rest of the world. These economic difficulties are aggravated by an annual increase of over one million people. This increase would be larger but for the recent fall in the birth rate which is partly attributable to the million or more abortions that are performed each year. The Government is trying to lay the foundation of a restrictive popula-

tion policy, and it is supported by growing evidence that Japanese parents are ready, often anxious, to have small families.

Though there are certain resemblances between Japanese and Indian policies, both being initiated by Governments which wish to slow down the rate of population growth, there are important differences. In Japan, new policies are called for, not as in India, by the acquisition of enlarged responsibilities, but by defeat in war and by the peculiar aftermath of war.

Infanticide, abortion, and birth control are three methods by which the size of a population can be controlled. Infanticide, traditional in Japan during past centuries, has now been largely replaced by abortion. A transition to birth control is urgently needed. Dr. Yoshio Kōya, Director of the Institute of Public Health, Tokyo, has stated that in the last six years the number of induced abortions has enormously increased; indeed their number, including those unreported, is assessed at well over a million a year. The effects on health, especially among the unofficial cases, is what would be expected—deaths, complications, and invalidism.

In August 1954, the Japanese Minister of Welfares Advisory Council on Population Problems published a statement in which the Government was recommended to take steps which would lead to the replacement of abortion by methods of control of conception as the popular method of family limitation.

Population in British Colonies: The Colonial Development and Welfare Acts of 1945 and 1950 voted £140 million for colonial development and welfare from 1946 to 1956. A new Bill extends the life of these Acts until 31st March, 1960, and provides another £80 million of new money. Commenting on these large money distributions, Mr. James Griffiths, M.P., stated that all we are doing is providing sufficient money and resources merely to maintain the pace of development. In all territories the population is rapidly increasing.

Mr. Thomas Reid, M.P., stated that the trouble in our Colonies and dependencies is that the people produce children quicker than we produce wealth, although we have produced enormous quantities of wealth. Unless birth control is established to a considerable extent, all our efforts will be doomed to failure. The British public will ask why we are pouring out hundreds of million of pounds for people who refuse to limit their families. It is impossible to expect over 50 million of us, who all practise birth control and have only small families, to bring up our own families, and vote £1,600 million for our own and our dependencies' defence to save the world from Communist imperialism and, at the same time, provide for the families of those who refuse to limit their numbers.

FAR EASTERN UNIVERSITIES

CHULALONGKORN UNIVERSITY

Chulalongkorn University in Bangkok is a state institution, governed by the Second Chulalongkorn University Act B.E. 2486 (1943) and its four amendments. It is under the

control of the University Council, having the Minister of Education as its president. Members of the University Council are of three categories, namely: (1) Ex-officio members including the Minister of Education, the Rector, Deans and Heads of independent departments. (2) One or two

members elected by each Faculty as its representatives. Such members must be heads of departments. (3) Members appointed by Royal Command on the ground of their merits and upon the recommendation of the Council of Ministers. Such members must not exceed two-thirds of the members of the first and the second category combined. The Rector is responsible for the smooth running of the University, and is assisted by the Secretary-General in the performance of his duties.

Compared with most of the universities in Europe and America, Chulalongkorn University is a young one, though it is the oldest in Thailand. The idea of establishing a university was mentioned for the first time in a plan to reform the educational system which the Department of Education presented to King Chulalongkorn for consideration in 1898. The next step in carrying out this idea was the establishment of the Royal Pages' School within the precincts of the Grand Palace. The aim of the school was to give a general education with emphasis on training in government administration. Soon after his accession to the throne towards the end of 1910, King Vajiravudh (Rama VI) converted the Royal Pages' School into the Civil Service College. The courses of study that it was planned to set up were Agriculture, Commerce, Education, Engineering, Foreign Service, Law, Medicine, and Public Administration. The College continued to prosper, and the King followed up his action in this respect by raising its status to that of a university in March 1917. It was named Chulalongkorn University as a memorial to King Chulalongkorn, father of the king.

At first there were only four faculties in the University, namely: Arts and Science, Engineering, Medicine and Political Science. Only diploma courses of three years were conferred. The Medical School at Siriraj Hospital founded in 1886 and the Engineering School at Hor Wang founded in 1913 were amalgamated with the University. The money left over from the fund subscribed for the building of the Royal Equestrian Statue of King Chulalongkorn, amounting to about one million baht, was donated as the University fund. Land in the Patumwan district, with an area of some 500 acres, was also set aside for the University, both as grounds and as a source of income. Since its inception, the University has been expanding in the way of enlarged staff, increased student body, and the number of its buildings, laboratories and workshops in spite of the vicissitudes which it has undergone. A Department of Education was added to the Faculty of Arts and Science. After the dissolution of the Law School of the Ministry of Justice in 1933, the Faculty of Political Science took over the teaching of Law and changed its name to the Faculty of Law and Political Science. At the end of the same year, an Act was passed which enforced the transfer of the Faculty of Law and Political Science to the new University of Moral and Political Science. Chulalongkorn University also set up the departments of Commerce and Accountancy, Dentistry, Pharmacy, and Veterinary Science, but in 1942, the Faculty of Medicine, together with the last three mentioned departments was separated to form the new University of Medical Sciences. Naturally these ups and downs have not contributed to the realization of the exact concept of a university.

Chulalongkorn University now consists of one office and six faculties: 1. The office of the Secretary-General, through which all the administrative work and general business are handled. 2. The Faculty of Architecture, which offers courses in Architecture, Fine Arts, and Town Planning. 3. The Faculty of Arts and Education, which offers courses in English, French, Geography, History, Pali, Sanskrit, Thai and Education. 4. The Faculty of Commerce and Accountancy, which offers courses in Accounting, Economics and Statistics. 5. The Faculty of Engineering, which offers

courses in Civil, Electrical Industrial, Mechanical, Mining, Sanitary, and Surveying Engineering, and Mining Geology. 6. The Faculty of Political Science (reconstituted in 1948) which offers courses in Law, Political Science and Public Administration. 7. The Faculty of Science, which offers courses in Biology, Chemistry Mathematics and Physics.

For a bachelor's degree, a minimum of four years' study is required except in Architecture and Education which are five-year courses, while that for a master's degree is two years beyond the first degree. A doctorate will be conferred on a person who has carried out research for at least two years beyond the master's degree and obtained results of especial importance in his field of study.

According to the Chulalongkorn University Act, the University is an institution of higher learning and research. With regard to the dissemination of higher learning, the University has been doing its duty with satisfactory results, but little research is being done, due to a heavy load of teaching assigned to professors and lecturers in order to cope with more than 3,300 students, and thus no time is available for them to undertake this kind of work. It is a hope that a relief in the teaching load will be given to them so as to enable them to devote their spare time to research.

RANGOON UNIVERSITY

Burma's great institution of higher learning is the University of Rangoon. The progress of this university from an enrolment of 1,500 to an 11,000 present-day student body is one of Burma's outstanding post-independence achievements. The University of Rangoon had its modest origin in the Rangoon College founded in 1880, affiliated with the University of Calcutta. In 1920, a student movement was started to establish the University of Rangoon, but it was not until 1927 that most of the university's buildings were completed. Until World War II, the university was associated with University College, Judson College, Medical College, Teachers' Training College, Agricultural College and Intermediate College.

The Japanese occupation forces closed the university early in World War II and took over its buildings as their army headquarters. Later, as enemy military installations, several of these buildings were bombed-out by the Allies. In 1946, after extensive reconstruction of the buildings and re-equipping of its library and gutted laboratories, the University of Rangoon was reopened. In the meantime, it had consolidated its university functions, provided its own faculties to formerly "affiliated" colleges and thus brought about—for the first time—effective standardization of studies. This revamping of the university paved the way to high scholastic standing.

Today, the much enlarged university, together with its picturesque campus, occupies some 400 acres on the southwest banks of Inya Lakes, just five miles from the heart of the capital city. Its extensive co-educational facilities offer degrees in the arts, sciences, agriculture, engineering, medicine, law and education. Except for courses leading to degrees in law, instruction is free at the University of Rangoon, just as it is in most institutions of learning in Burma.

The university campus has seven football fields, a swimming pool, a hospital, a post office, employees' village and 14 dormitories.

Ever-increasing student enrolment, plus the fact that about 80 per cent of University of Rangoon students come from outlying Burma districts has necessitated large dormitory facilities. There are now fourteen. Of these, three are for women students. More are under construction.

Providing adequate educational facilities and opportunities is one of Prime Minister U Nu's favorite projects. He hopes that his government would soon be able to further the cause of education by providing college students with a small stipend for their incidental living expenses. This kind of thinking is typical of the high regard which the Burmese have for education.

This great institution is mindful of its grave responsibilities in an independent Burma. It strives for the best faculties, equipment and facilities for its students. The Burmese are determined that Rangoon University will provide training, knowledge and understanding to help insure a free and prosperous Burma.

UNIVERSITY OF MALAYA

One of the world's youngest universities, the five-year-old University of Malaya, holds an important role in the future history of an independent Malaya. During four years of Japanese occupation, local schooling declined to a very low level. But after World War II, with eventual self-government pledged by Britain, a great and urgent need for honest, able leaders arose. A university was imperative. The answer was the University of Malaya, which was inaugurated in 1949 with an enrolment of 645 students the first year. By 1954, enrolment had reached 1,043. University authorities were astonished at the rapid growth and viewed with consternation the lack of accompanying expansion in buildings and facilities.

Vice Chancellor Sir Sydney Caine set about to remedy the situation. He outlined a multi-million dollar, five-year expansion plan calling for the construction of five major groups of buildings before 1960. This will allow for the introduction of three new schools—Engineering; Agriculture; and Social Studies, embracing economics, commerce, law, public administration and sociology. Sir Sydney said, "We realize that our curriculum is inadequate now, but when this expansion is complete, we will feel we are covering the principal subjects."

The new buildings for the Singapore campus will include accommodation for new laboratories in the Medical College area; five new halls of residence, each for 150 students; a Students' Union house and a new main hall. A major step in planning for an independent Malaya was taken when authorities decided to build certain schools of the University in Kuala Lumpur, the capital of the Federation of Malaya. Facilities for teaching general science, engineering and agriculture will be established in the capital, preparing the way for two universities when student

numbers warrant it. Meanwhile, both the Federation and Singapore governments are donating sums annually for the maintenance of the University. The Vice Chancellor has expressed the hope that private benefactors will make it possible for students' hostels to provide "a little more than Spartan necessities," and that some would endow the university with a gallery for pictures, give a painting or sculpture. "These things," he said, "mark the difference between a mere teaching institution and a center of culture, such as a university should be."

The Faculty of Arts at the University includes Chinese language and literature, economics (including social studies), education, English, geography, history, Malay studies, mathematics and philosophy. A department of Indian Affairs will be added within the next five years. The science department offers botany, chemistry, mathematics, philosophy, physics, physiology and zoology. Malaya has a great shortage of technical personnel, biologists and zoologists. Well-qualified graduates readily find openings in government departments of chemistry, fisheries, forestry, veterinary science and meteorology. Well-trained teachers are in great demand, too. In the medical field the University of Malaya awards degrees in medicine, surgery, dental surgery, public health and pharmacy.

The University, like the city in which it is located, is a crossroad for the nationalities of Asia. According to the latest census, 61 per cent of the student body is Chinese, 13 per cent Indian, 11 per cent Ceylonese, 10 per cent Malay, three per cent Eurasian and two per cent other nationalities. An even more unique mixing of students of varying social strata results from the fact that 50 per cent of the students are on scholarship, which means that the University of Malaya is not a college only for rich men's sons.

The University realizes its achievements should not be confined to lecture halls and examination rooms, therefore beginnings have been made in various fields of research. Malaya itself is a rich field for research, for her economy, flora, geography, marine biology and medical problems related to the tropics invite exploration. Even the country's history affords a wide opportunity for research, as no comprehensive record of Malaya has yet been compiled. Five years is not long enough to produce startling results in any field of research, but the important thing is that beginnings have been made. Vice Chancellor Caine made this appeal, "It is no more possible for the Malayan people to attain their full stature without a vigorous university life than it is for the university to attain its full stature without the help of the people." The University of Malaya is playing its part in national life, for from its portals will emerge Malaya's future leaders.

JAPAN'S POPULATION PROBLEM AND EMIGRATION

Compared with Japan's population today of about 89,000,000, Japanese emigrants who went abroad in the postwar period is infinitesimal in number. Viewed, however, in terms of its psychological effects upon the people, especially the younger generation, it is of vast importance. With emigration made possible, new hope has been offered for the teeming millions of young people who are penned up; as it were, on the four islands comprising Japan. The Japanese Government is devoting considerable efforts to this problem of emigration and has set up a comprehensive program of granting financial aid to emigrants as well as training them in the manners and customs of the countries to which they are headed.

During the past four years, more than 10,000 Japanese have emigrated to South American nations, principally to Brazil and Paraguay and to a lesser degree to Argentina and Bolivia. At the same time, 185 Japanese are now allowed to enter the United States each year as emigrants. In actual practice, however, the conditions attached are such that it would be almost impossible for some time for new emigrants to be sent out under the new quota.

It is the policy of the Japanese Government to send out qualified emigrants who will come up to the requirements of the foreign nations which are willing to accept them. While only five to ten thousand persons are able at present to emigrate, it is hoped that existing obstacles will be over-

come and that emigration will in time play a sizeable role in reducing Japan's population pressure.

Population and Emigration

In May, 1955, the population of Japan totalled 88,900,000 persons, or 617 per square mile. Since the cultivated land area totals less than one-sixth of the entire territory, the density per square mile of cultivated land is the highest in the world with 4,220 persons. The population of Japan accounts for 3.5 per cent of the population of the world, but land area is 0.27 per cent of the land area of the world. Farmers comprise 45 per cent of the population. After Japan's surrender in 1945, 6,250,000 Japanese have been repatriated.

To remove the population pressure, the question of emigration has aroused unusual interest among the Japanese. Emigration will not solve the population pressure, but will contribute to the solution of this problem. First of all, it will have a good psychological effect on the Japanese. But as only five to six thousand persons are able to emigrate each year at present, it will not materially help solve the population problem.

"Planned emigration" was started in 1952, and by 1954, 5,293 persons emigrated under this program. In addition, 5,208 persons migrated under private sponsorship. Under the "planned emigration" program, the majority of the emigrants went as family units. Of this group, 61 per cent belonged to the productive age bracket, 37 per cent were below 14 years of age and 2 per cent were over 60 years of age. Statistics on the privately-sponsored emigrants are not available but judging from the fact that the majority of them are bachelors, they also fall into the productive age group. Taking these two groups together, emigrants in the productive age group account for 70 to 80 per cent of the total.

Emigration Prewar and Postwar

Japanese emigration when compared with that of other nations got off to a slow start. The first emigrants went to Hawaii in 1868. Japanese emigration has a brief history of about 87 years. Since the population problem at that time was not pressing, the Government devoted little efforts to it. But following 1868 Japanese emigrants went to various parts of the world with the exception of Europe and Africa. It was only after 1921 that the Government tackled the problem. Compared with the emigrants from Italy or China, however, the number was infinitesimal. Japanese residing abroad in 1940 totalled as follows:

China and Manchuria	1,185,026
Southeast Asia	47,572
North America (United States, Hawaii, Canada)	219,573
Central and South America	235,839
Others	8,120
Total	1,696,130
Divided into the two regions of Asia and the Western Hemisphere:	
Regions of Asia	1,232,598
Western Hemisphere	455,412
Others	8,120
Total	1,696,130

As a result of Japan's defeat, Japanese living in Asia were repatriated and there are now almost no Japanese left there.

World War II suspended Japanese emigration to Central and South America. With the migration of 54 persons in 1952 to the Amazon region in Brazil, emigration was again started. This was the result of the efforts made by two resident countrymen in Brazil—Shotaro Tsuji and Yasutaro Matsubara. The former obtained authorization from the Brazilian Government to settle 5,000 Japanese

families in the Amazon region, while the latter was permitted to guide the emigration of 4,000 families to the central and southern area of Brazil. Paraguay opened the gates to Japanese emigration soon after that. The number of persons who emigrated to Brazil and Paraguay under the so-called "planned emigration" scheme as of March 31, 1955 totals 5,293, privately-sponsored emigrants total 5,280. In other words, 10,573 persons have migrated to these two countries following the war. Japanese are now also emigrating to Argentina, Bolivia, and the United States. As a result of the revision in 1952 of the U.S. Citizenship and Immigration Laws, 185 Japanese are allowed to enter the United States each year. However, due to various reasons, it is almost impossible to send out new Japanese immigrants to the U.S. mainland.

Japanese emigrants abroad, divided by countries:

United States	125,000
Hawaii	189,000
Canada	23,000
Argentina	16,000
Bolivia	1,500
Brazil	370,000
Chile	700
Colombia	500
Cuba	700
Mexico	5,534
Paraguay	1,000
Uruguay	125
Peru	40,000
Venezuela	50
Total	764,109

(Children born after emigration are included)

The first Japanese emigrants to Hawaii went there in 1868 to work on sugar plantations. They numbered 153. Those pioneer emigrants are all since dead and the emigrants who followed have now reached old age. The Japanese society has come to revolve round the Hawaii-born second and third generation Japanese-American citizens. They have not only taken over the farming left by their parents but they are also active in the politics, education and business in Hawaii.

The history of the Japanese emigrants on the United States mainland is the second oldest to that of Hawaii. Most of them settled on the West Coast, especially in California, and carved out a special place for themselves in agriculture. Following the last war the Japanese spread to various areas of the United States, including Chicago and New York. This migration brought about changes in the social and economic life of the Japanese in America, but they have again congregated principally in Los Angeles and San Francisco in California and in the Rocky Mountain area around Denver in Colorado. Many of the emigrants have been applying for citizenship since the McCarran Law of 1952 accorded naturalization privileges to the Japanese. With the average age of the Japanese emigrants in America about 67 or 68, economic activity is shifting more and more to the second and third generation Japanese-Americans. With no hopes of a revival of large scale emigration to the United States, the history of the Japanese emigrants to that country will come to a close before long.

In 1908 the first batch of Japanese emigrants numbering 781 crossed over to Brazil. Until the start of World War II, 188,615 Japanese emigrated to that country. The majority of them went over as contract laborers to work on the coffee plantations in Sao Paulo state. Some also emigrated to the Amazon region. After their contracts expired, many emigrants started independent farms of their own, growing coffee, cotton, cocoons, fruits and vegetables. Others moved to Sao Paulo and other cities and engaged in commercial enterprises. About 370,000 Japanese—80 per cent of the Japanese population in Brazil (including second generation Japanese-Brazilians)—engage in agriculture.

JAPAN'S TRADE WITH SOVIET UNION

The results of Japan's new trade relations with the Soviet Union during the past year have been disappointing and the future prospects hold little promise. Great hopes had been placed in the \$80 million agreement signed in 1954 between private Japanese trading firms and Soviet trade representatives. Contracts concluded thus far, however, amount to only less than a quarter of the target set in the provisional agreement. At the same time, Japanese traders have expressed dissatisfaction with the quality and the prices of the Soviet exports.

Japan's trade with the Soviet Union prewar was based on the treaty of 1925 which opened up relations between the two nations for the first time since the Soviet Govern-

ment came into power. The following shows Japan's trade with the Soviet Union:—

(Unit: Y1,000)			
	Export	Import	Balance
1935	28,315	17,904	10,415
1936	31,349	21,332	10,017
1937	27,968	13,543	14,425
1938	5,183	756	4,427

Japan's export excess was attributable to the fact that the payment for the transfer of the North Manchurian Railway was settled by means of exports. Major export items of Japan during that period were green tea, rayon, steel wire and insulated wire. Japan's principal imports were rosin oil, mineral oil, potassium chloride, santonin, asbestos, platinum and pig iron, all of which were vital necessities for Japan.

Japan's trade relations with the Soviet Union after World II can be divided into three phases. First, the period from 1946 through 1949, during which Japan's trade was under the control of the General Headquarters for the Allied Occupation. Second, from 1950 to early 1954, Japan was allowed, in principle, to freely trade with the Soviet Union, but actually trade was on a small scale owing to restrictions. Third, the period from June 1954 up to the present. A new phase opened with the conclusion of a provisional trade agreement referred to above, amounting to \$80 million both ways.

First phase—Under Occupation Control (1946-1949): Trade was carried out under open account between Occupation Headquarters and the Trade Representative of Soviet Mission in Tokyo.

Trade returns for Japan:

(Unit: Y1,000)			
	Export	Import	Balance
1946	24	—	24
1947	140	2,004	—1,864
1948	4,385	2,670	1,715
1949	7,360	1,933	5,427

Major exports were wooden fishing boats, ship repairs and rolling stock, while principal imports were coal and potassium.

Second phase—Free but Restricted (1950-1954): Although trade was relieved of Occupation control and restored to civilian management late in 1949, little trade was conducted with the Soviet Union. Among the reasons were: (a) Japan's refusal to recognize the Soviet Mission in Tokyo with the coming into force of the San Francisco Peace Treaty on April 28, 1952 and the resultant negative attitude of the Soviet Union concerning trade with Japan; (b) Japan's export control in line with the United Nations embargo resolution against the Soviet-bloc countries following the outbreak of the Korean War on June 25, 1950; (c) Japan's establishment of claims regarding the quality of Sakhalin coal imported in fiscal 1950 and her decision not to permit the entry of Soviet technicians in connection with the repair of Soviet vessels.

Large Japanese firms showed little interest in trading with the Soviet Union and only several small firms engaged in this line of trade. In 1953, Japan permitted the entry of Soviet nationals in connection with the repair of ships.

Japanese in Argentina number roughly 16,000 and live chiefly in Buenos Aires and the provinces of Misiones, Corrientes, Eva Peron and Mendoza. In Buenos Aires the Japanese principally operate coffee shops and laundries, while on the outskirts they operate vegetable and flower farms. They provide Buenos Aires with 70 per cent of the city's vegetable needs and 90 per cent of its flowers. In the Misiones and Corrientes areas, the Japanese cultivate tea, rice and tobacco while in the Mendoza district around the Andes mountain range, they operate grape and apple orchards.

Future of Emigration

The Japanese Government is now sending outstanding emigrants who conform to the wishes of the recipient country. The Government has designated a private organization, the Federation of Japan Overseas Associations, to handle all business related to emigration. The Federation oversees the operations of 34 associations located in Japan. The headquarters, in cooperation with the local associations, conduct the following businesses:

(1) It recruits and selects emigrants. In conformity with the wishes of the receiving country, it selects the emigrants on the basis of their morale, physical health, occupation and family structure. (2) For those persons who have been selected as emigrants, it provides a two-week training course at two places. The object of this course is to teach the emigrants the language, traditions and customs of the country to which they are going. Before departure, the emigrants are given instruction at the Kobe Emigration Center for 10 days to two weeks. (3) It provides loans for ship fares to "planned emigrants" and to certain privately sponsored emigrants who are sailing to Brazil, Argentina and Paraguay. The loans are paid back over eight years, after four years have elapsed, at an interest rate of 5.5 per cent per annum. (4) It provides an Emigrant Superintendent and an assistant who look after and instruct the emigrants aboard ship en route to the country of destination. (5) It sponsors lectures and movies to instruct the emigrants and publishes literature relating to emigration.

A new emigration center was established in Yokohama for the purpose of economizing the expenditures of emigrants from Eastern Japan, processing sailings more speedily, giving better instruction, and expediting the visa procedure for passports. The following three ships are being used for emigration: Osaka Shosen Kaisha's Brazil Maru (11,000 G.T.), America Maru (8,343 G.T.), and Africa Maru (8,354 G.T.). Dutch ships of the Royal Interocean Lines are also being used.

GROWTH OF ELECTRIC POWER IN JAPAN

The power development completed in Japan by the end of fiscal 1954 (ending March this year) amounted to over 3.3-million k.w. including more than 2.1-million k.w. in hydraulic and over 1.2-million k.w. in thermal stations. Power development completed in fiscal 1953 amounted to 1,167,280 k.w. Prewar record of 656,000 k.w. was established in 1935.

When the six-year economic plan currently being drafted by the Economic Planning Board (EPB) is completed, this five-year power development program may have to be rewritten to a more positive program. The power demand in fiscal 1960 may amount to around 80-billion k.w.h. as against the current estimate for 1958 of 57.5-billion k.w.h. and some 2-million k.w. capacity may have to be completed by 1960 after the completion of this program.

If completion of a 2-million k.w. capacity in 1959-60 period is difficult, or the power demand in the current program years is to rise higher than is formerly estimated, the current program will gradually be stepped up.

Until 1951, when a total of 423,887 k.w. potentials were developed, however, the nation's annual postwar development had been at snail's pace compared with the prewar record of from 300,000 to 400,000 k.w. per year. After the war, power development projects which were underway at 59 points (capacity of 730,000 k.w. upon completion) were suspended due to shortage of materials and because demand was falling. Only small scale projects which were under construction managed to be completed in fiscal 1949.

As industries began to reactivate, the power demand started to run ahead of the supply capacity and gradually

This helped somewhat to stimulate trade between the two countries.

Trade return for Japan:

	Export	Import	Balance
1950	722	738	— 16
1951	—	28	— 28
1952	149	459	— 310
1953	7	7,101	—2,094

Third phase—A Trade Agreement (1954-1955):

The conclusion of a provisional 1954-55 (effective June 1954) trade agreement totalling \$80 million between Soviet trade representatives and Japanese trading firms was at first expected to increase trade between the two countries. However, the types, quality and prices of Soviet exports have not been satisfactory to the Japanese buyers. As a result, as of the end of July 1955, Japan's authorized barter trade based on the provisional agreement amounted to \$5,920,000 for exports as against only \$2,750,000 for imports. Major exports of Japan consisted of ship repairs, fishing boats, tow boats, copper wire and wire ropes. Chief among Japan's imports were coal, lumber, raw cotton, platinum, manganese ore and pulp.

Prospects: Trade contracts concluded are still only about a quarter of the target set in the provisional agreement. Results of negotiations between the Soviet trade representatives and Japanese trading firms during the past year indicate no likelihood of increased trade under the barter system. Increased Soviet exports of items which Japan needs at lower prices are necessary and the Soviet Union should buy from Japan with dollars or pound sterling.

posed shortage problems. Finally when the demand rose far above the supply, and power allotment had to be taken, the shortage proved to be a major problem hampering Japan's economic rehabilitation.

The occupation policy of the United States was negative for the development of power resources after the war and the nation had to concentrate on the improvement and expansion of available facilities. Three years after the war, in 1948, the Government began to tackle the problem of overall economic reconstruction. It was in fiscal 1949 that Japan gained approval of the occupation authorities to embark upon a larger scale development. Once the authorization was given for the development, the nation found itself unable to put it into practice due to shortage of funds and materials. In December of the same year, when the use of the American Aid Counterpart Fund was authorized, the long-awaited programs were immediately undertaken.

The power development program was worked out by the then Japan Electric Generation and Transmission Co., nine power distribution companies and by some private companies for their own uses, and included 549 projects. Among them those planned by electric enterprise companies totaled 544, broken down to 32 hydroelectric projects for 491,000 k.w. and eight thermal projects for 246,000 k.w. Projects immediately tackled were 26 for hydraulic development, 357,000 k.w., and seven for thermal development, 230,000 k.w.

To meet the rise of power demand along with the restoration of industrial activities in fiscal 1950, plans were worked out to develop 980,000 k.w. of hydroelectric and 207,000 k.w. of thermal stations with the use of Y30-billion from the Counterpart Fund. But the mounting voice for reorganization of the power industry finally resulted in the non-approval of the fund's use. These programs were therefore carried over to fiscal 1951, and widened the gap between the supply and demand thereafter. By April 1950, the Committee for Public Utilities completed its task of reorganizing the power industry. Nine power companies were established in the place of the disbanded Japan Electric Generation and Transmission Co. and the nine power distribution companies. From May 1950, the nation's power industry started on a completely reorganized footing.

The funds plan for 1951 development was originally around Y60-billion, of which Y25-billion was to be appropriated from the Counterpart Fund but the deflationary policy taken by the Government confused the plans. The inflation which occurred following the outbreak of the Korean War with the special procurement boom, also gave a blow to the program. However, with the appropriation of Y10-billion from the Counterpart Fund granted in December, the protracted development projects were finally undertaken.

Of the total program of 1,600,000 k.w. undertaken at 65 points with the Counterpart Fund (343,000 k.w. hydraulic, 160,000 k.w. thermal construction continued from the previous year; 669,000 k.w. water, 403,000 k.w. thermal projects undertaken anew, and 25,000 k.w. by private companies), 17 projects for 189,000 k.w. hydraulic and eight projects for 130,000 k.w. thermal developments were completed within the fiscal year.

Power development went into full-swing in fiscal 1952 when the Law for the Development of Electricity Potentials was enacted and, on the basis of this law, the Electric Power Development Co., Ltd., was established with state capitalization almost in full amount.

This organization started large-scale development of electricity potentials, an undertaking which could hardly be undertaken by private enterprises alone. The plans for the year 1952 included 1,290,000 k.w. of construction continued from the preceding year (877,000 k.w. hydraulic and 413,000 k.w. thermal) and 1,180,000 k.w. of new projects (630,000 k.w. hydraulic and 413,000 k.w. thermal).

Except a few points of projects which were protracted due to the problem of loss compensation to be paid to owners of the land to be developed into power stations, reservoirs, etc., construction was carried out at high pitch and some of the terms of the projects were shortened. Excluding 108,180 k.w. for private plants, a total of 225,040 k.w. was completed within the fiscal year. Among the projects undertaken anew was the Chubu Power Company's projects at Igawa with a capacity for 87,000 k.w., the largest projects among new undertakings in the year. Also included were many model plants as Tanagawa, Mie and Karita which were to use advanced imported machinery. For the above projects, a total of ¥98.6-billion was planned to be appropriated including transmission, transformation and distribution facilities. Funds for construction continued from the previous year were ¥56.8-billion and for new projects ¥24.9-billion. The Counterpart Fund used amounted to ¥30-billion, a part of which was also used for new projects. The construction was accelerated when the Development Bank of Japan extended a special loan of ¥2,500-million in the last quarter of the year.

The development of power resources in fiscal 1953 was most outstanding as the development completed in the year amounted to a gross total of 1,167,280 k.w., the largest single year record for pre- and postwar years. This all-time high compares with the highest prewar record of 656,000 k.w. set in 1935. The total included 50 hydraulic stations with

the capacity for 694,480 k.w. (577,750 k.w. by power companies, 14,600 k.w. by development company, 45,200 k.w. by public corporations and 76,930 k.w. by private companies) and thermal stations at 26 points for 472,800 k.w. (392,500 k.w. by power companies, 80,300 k.w. by private companies). Power companies spent ¥110.2-billion including ¥40,344-million loaned from the Development Bank of Japan and completed 950,000 k.w.

The development which has started on a full scale a year ago faced a grave situation in fiscal 1954 when the strict observance of the deflationary policy from the latter part of 1953 resulted in a cutback of state investments and loans to the program, as well as private investment. Nevertheless, the development for a huge goal of 3,470,000 k.w., was attained by 94 per cent this year, despite such difficult circumstances. Against the target set for this year of some 1,060,000 k.w. some 1-million k.w. were completed. The total of 3,470,000 k.w. undertaken in the year was broken down to 2,920,000 k.w. (2,190,000 k.w. hydraulic and 730,000 thermal) as construction carried over from the preceding year and 550,000 k.w. of new developments (100,000 k.w. water and 450,000 k.w. steam stations).

Of the total completed within the year, hydraulic projects accounted for 597,610 k.w. (443,900 k.w. by power companies, 27,550 k.w. by corporations, 21,000 k.w. by power development company, and 105,160 k.w. by private companies); thermal projects accounted for 392,850 k.w. (314,000 k.w. by power companies and 78,850 k.w. by private companies).

The power development completed since the war up to March 1955 amounted to a gross total of 3,343,297 k.w. (2,112,177 k.w. in hydraulic and 1,231,120 k.w. in thermal stations).

JAPAN'S CLOISONNE PRODUCTS

Japanese cloisonne (Shippo-yaki), an outstanding example of industrial art crafts, is well known abroad. Foreigners and Japanese alike are highly appreciative of the gorgeous and matchless colors brought out in cloisonne products. They have been one of Japan's valuable dollar earners before and since the war. The history of cloisonne is extremely old. The oldest example of cloisonne is a bright blue jar discovered in the tomb of Emperor Nintoku buried 1,600 years ago. Such enamelwares were made in the Nara period 1,300 years ago when Buddhist temples flourished following the introduction of Buddhism to Japan. A cloisonne hand mirror, an invaluable art treasure, still exists at the Horyuji Temple in Nara. It is a beautiful mirror, the back of which is divided into 12 sloping patterns of gold and silver. The valleys in between are colored blue, yellow and green.

People in East and West experimented with the art of applying enamel to metal in order to enhance the beauty of metal wares. The value they set on beads and jewels was common to the peoples of East and West. The origin of the art of cloisonne-making dates to the Grecian and Phoenician periods. Cloisonne flourished in Europe in the 17th century. The technique of cloisonne was introduced to Japan by way of the Middle East and China.

In Japan cloisonne is called "shippo", the name for the Sanscrit "Sept-Ratuna" or Seven Heavenly Treasures—gold, silver, emerald, agate, coral, crystal and pearl. The beauties of the Seven Treasures are exemplified in the glittering jewel-like colors of shippo enamels. Japanese cloisonne

came to be used to embellish swords and armors of warlords and their followers during the "Age of Wars" in the 15th century. They were also used to decorate the handles of sliding paper doors as seen in Nagoya Castle. Owing to the extreme secrecy adopted by cloisonne makers at that time, the art gradually died out and for a time was forgotten.

Modern Japanese industrial artcraft developed from the middle of the 19th century. It was at that time that Tsunekichi Kaji, the second son of a samurai living in Nagoya, succeeded in making a small cloisonne container five inches high after experimenting for six years. He may be called the discoverer of modern Japanese cloisonne since he developed a technique all his own. Since then a suburb of Nagoya has been called "Cloisonne Village" and is still engaged in the making of cloisonne. The process which Kaji discovered and which still continues is divided into delicate processes, but the following may give a general idea.

The first step in the making of a cloisonne vase, for instance, consists in pounding a thin copper plate about one millimeter thick with a mallet to form the desired shape. The design is then drawn on the surface with a fine brush; modern art or traditional Japanese drawing. When that is finished, a thin silver wire is glued on over the outline of the design with a tweezer. This work requires skill and patience. Then the powdered cloisonne enamel dissolved in water is applied with a small bamboo pen between the silver wires. After the enamel has fully soaked in, the cloisonne is baked in an electric kiln of 800 degrees in temperature.

JAPANESE YUKATA INDUSTRY

Yukata cloth and the so-called happy coats are most likely to have strong influence on sportswear. Their coarse designs are suitable for men's bathing suits, beach coats and shirts. The yukata, a light cotton garment, has recently become popular among foreigners, and it is expected that exports of yukata cloth will increase. There is nothing so refreshing during summer as wearing a yukata. Every Japanese

As enamel paste shrinks when it is fused with metal, the process must be repeated four times. After the cloisonne has been baked and cooled, it is polished with about five different kinds of whetstones. The process is the same as practiced a hundred years ago. It takes three weeks to make one 7-inch vase.

Japanese cloisonne are appreciated by foreigners and Japanese. Foreigners like the bright pigeon blood cloisonne, the transparent or crystal cloisonne (in which the metal base is removed) and the wireless cloisonne (in which the wires are used only in applying enamel pastes and are taken away before each baking). Many cloisonne vases have been exported to the United States and Europe prior to and after the war. They are popular with tourists who buy them as gifts. Women have discovered that cloisonne necklaces and earrings are very attractive. The factory of Ando Cloisonne Co. in Nagoya is one of the sightseeing attractions of Nagoya. Tourists express amazement at the complex process of cloisonne-making and at the beauty of the finished products. Many visitors also come to the company's Ginza showroom in Tokyo to look at cloisonne—both new and old. Cloisonne are being put to many uses. They are being made into ornaments, compacts, music boxes and decorative room panels. The unchanging beauty of their colors and their malleability are fully utilized. Experiments with enamels are being carried on to produce products with a modern touch in line with the present trend. In Tokyo one may see often beautiful cloisonne panels of modern art at the entrance of a new building, or one adorning the wall of a theater or restaurant.

knows the pleasure of going for a walk dressed in a light, loose yukata with fan in hand. The yukata is a thin cotton kimono well suited for summer wear. It was worn from as far back as the Edo period (17th, 18th and 19th centuries). Originally the yukata was a garment worn after a bath, but recently it is being put to other uses.

The latest development is the making of Western-style clothes from yukata cloth. Many tourists have expressed delight over the "yukata dress" and buy them as presents for their friends and loved ones. In view of this popularity, exports of yukata cloth grow. Yukata cloth on the market at present are 100 per cent cotton products. Before the war a great deal of the yukata cloth were specially woven from silk, rayon and hemp. Some people prefer the higher-class crepe cloth.

There is an art in dyeing yukata cloth. One method is to cut the raw cloth according to a paper form two feet five inches in length. As the cloths are piled one on top of the other, starch is applied. Next dye is poured on from top. It is a relatively simple dyeing method and possesses the unique characteristic of being able to bring out a natural color gradation which cannot be done by any other method. One of the oldest dyeing methods makes use of a board about seven yards long. The cloth is pasted onto the board and a pattern paper three inches to one foot five inches in size (depending on the design) is placed on the cloth. As soon as starching is completed, the pattern paper is slowly moved to the next lot for the same process of starching. After this process the cloth is turned over and the same process is repeated. Then the cloth is dipped several times into an urn containing indigo dye. A highly trained and skilful technique is required for starching. As there are very few persons who possess this ability, the Government has decided to designate this art of starching as a national cultural asset in order to preserve this priceless art.

Aside from the two processes just mentioned, there is the mass production machine method of dyeing which is the cheapest of all. The prices of yukata cloth made in this manner are extremely cheap. Medium-class cloth costs from two to three US\$ while those of high-quality can be bought for as little as eight dollars.

JAPANESE CEMENT PRODUCTION AND EXPORT

The Japanese cement industry has now attained the highest level. The strongest point of this industry lies in the fact that, unlike most of the other industries which depend on importation for raw materials, it can obtain the raw materials domestically to the extent of 99%. According to statistical figures collected by the United Nations, during 1954 the United States heads the list with 45,650,000 tons, followed by the Soviet Union with 19,300,000 tons, West Germany with 16,270,000 tons, Britain with 12,150,000 tons and Japan with 10,640,000 tons. In respect of export shipment, Japan was in the fourth place with 920,000 tons following Britain 1,770,000 tons, Belgium 1,330,000 tons and West Germany 1,140,000 tons.

As the main destinations of export cement are South-east Asian countries, conditions are more favorable to Japan than to Western countries for the export of cement which costs considerably in freight.

Since around 1949 when the general rehabilitation began to get into shape the production of cement began to increase gradually. The outbreak of the Korean War in 1950 gave rise to a sudden increase in the demand for cement both for export and for construction and civil engineering which had become very brisk. Production could not catch up with demand. The output which was 4,451,000 in 1950 rose to 6,531,000 tons in 1951, to 7,095,000 tons in 1952, to 8,718,000 tons in 1953 and to 10,640,000 in 1954. In the course of this prosperity, the cement manufacturers set about the modernization. All-welded rotary kilns, long kilns, air-quenching coolers and other equipments were installed in succession. Outworn equipments have been mostly replaced with up-to-date ones and the cement mills have been rejuvenated. This has brought about a marked improvement in the quality of the products.

CHINESE ECONOMIC DEVELOPMENTS AND FOREIGN TRADE

Reports from China on recent industrial and agricultural developments and targets for the first 5-year plan indicate that the important reason for the repeated revision of various programs during the past two and half years is that China's resources are too meagre to sustain the grandiose development schemes originally outlined, the more so after the serious damage to the economy caused by last year's floods. Furthermore, only by the end of 1954 did Mao Tse-tung's planners have a sufficiently clear idea of the material they had to work on, particularly of the aid which they would receive from Russia in exchange for Chinese agricultural products. Investment targets have, therefore, been cut. Construction costs are to be reduced all round and many non-productive projects have been eliminated altogether. The emphasis on heavy industry is much greater and there is in consequence to be much less development of other sectors of the economy, especially of light industry and water conservancy. Investment cuts in these branches of the economy are no longer a matter for surmise in the outside world; they are openly admitted by Peking.

A total amount of 76.64 billion yuan (US\$31.1 billion) is to be spent during the five year period, of which more than half will be devoted to capital construction. Over one-third of the total expenditure will be spent directly on investment in heavy industry, and investment in other development will indirectly contribute further to it. For example, the bulk of educational expenditure will go to technical education. Within heavy industry itself, the bulk of the funds will be channelled into coal and power, iron and steel and engineering. The weakness of the oil, chemical and non-ferrous metal industries is likely to persist for a long time; there was noticeable little reference to these branches of industry in the report on the plan.

Most of the big projects to be completed after 1957 will not be in full operation before 1959 at the earliest. The biggest of the many engineering projects to be built will probably not be commissioned until after 1960. Investment cuts in light industry have made it necessary to postpone plans for plants manufacturing gunny bags, medical equipment and drugs and other necessities. New projects in light industry are now limited to those producing textiles, paper, sugar and antibiotics. Investment in transport and

communications, too, has been skimmed to release greater funds for heavy industry. The railways come off best and the building of new lines is well up to schedule. Allocation for other transport and communications goes mainly to road-building with probably something left over for coastal and inland shipping. There will be no further development of posts and telegraphs 'save in necessity'. The total funds directly allocated to agriculture, forestry and water conservancy, including funds for capital investment, amount to only 6.1 billion yuan (US\$2.5 billion).

DEVELOPMENTS IN 1955

The 1955 budget served as a reminder that, besides the strain of intensive development of heavy industry, China is assuming an increasingly heavy burden of defence expenditures. Of the increase of 5.1 million yuan in total expenditure in the current budget, 1.8 million yuan goes to economic construction, 1.4 million yuan to defence, and the remainder to reserves or debt servicing:—

	1955 Actual	1955 Budget
	(in billion Yuan)	
Economic Construction:		
Agriculture, Forestry and Water Conservancy	1.4	1.3
Industry: heavy	4.3*	5.7
light	1.4*	0.7
Transport and Communications	1.8	2.2
Commerce, food, stockpiling etc.	3.5	4.3
Culture, Education and Social Welfare	3.4	3.9
Defence	5.8	7.2
State Administration	2.2	2.2
Debt service and reserve	0.8	2.2
Total Expenditure	24.6	29.7
Total Current Revenue	26.2	28.0
Balance	+1.6	-1.7
Add: Accumulated surplus carried over	+4.5	+3.1

*Partly estimated.

Revenue is not increasing as fast as expenditure but by dint of carrying forward some of the accumulated surpluses of previous years instead of putting them on deposit in State banks to finance industrial credit as was previously done, a nominal surplus of 1.4 billion yuan has been achieved.

The greater part of the extra 1.8 billion yuan in real revenue this year is to come out of higher receipts from state enterprises, partly as the result of further conversions of private undertakings into joint state-private firms. Taxation will only rise by about 560 million yuan to 13.8 billion.

The 1955 targets for grain and cotton sowing have been fulfilled but plantings of oilseeds, tobacco, hemp and sugar have fallen short. Production of most industrial crops will be below the planned level for the second year in succession. It is unlikely that even the grain target will be met, though production should rise more than in previous years unless widespread flooding recurs. The weather is better than in 1954 but there have been serious local droughts and floods, and the high water season is not yet past. The dykes have not been fully repaired along the Yangtze and the Huai and are in no state to withstand an exceptional flow.

The problems confronting Peking are so formidable as to make it seem unlikely that the plan can be completely fulfilled. Communists are facing serious opposition at home. Most of the more important speeches on the plan at the recent session of the National People's Congress referred to people who asked why light industry should be starved for the benefit of heavy industry; why small capitalists and peasant land-owners should not be allowed to remain, co-existing with the state sector; and why the state was being so tough with the peasants. This attitude exists inside and outside the party. There have been reports since the beginning of this year of small peasant uprisings in Sinkiang, Heilungkiang and Kwangtung, of trial and execution of 'counter-revolutionaries' and 'saboteurs' in industry and commerce, and one report of a plot to assassinate the government. Peking's answer is to intensify the class struggle; the Minister of Supervision's speech promised more severe treatment of dissidents. Intellectual non-conformists are being attacked as part of the Hu Feng campaign (Hu Feng, a leading Communist writer, was arrested in July on the order of the National People's Congress) which also serves as a threat to recalcitrant party members, fellow travellers and businessmen.

In industry, most serious problems are the waste of scarce resources and the lack of technique. Numerous instances of extravagance and technical failures were given in speeches to the Congress, down to the case of a textile mill which spent construction funds on stocking fountains with rare goldfish. There is little that can quickly be done about technical backwardness but to eliminate wastefulness, a new intensive economy campaign has been launched. Some features of the campaign—the reduction in construction costs for instance and measures to conserve raw materials—are also included in the five year plan, but economy has a still wider sweep. There is to be no official entertaining, save of foreigners; no decoration of new buildings; no expenditure on comfortable office furniture. The various ministries and enterprises have been working out plans to save millions of yuan, 590 million yuan on railway construction and so forth, which are bound to affect the quality of work done as well as to prevent unnecessary waste. But the bulk of this saving is absolutely essential if the projects included in the revised five year plan are to be financed.

The most serious problem of all, and the one which will affect the current and subsequent five year plans, is the low level of China's agricultural production. It is here that the collapse of the plan is likely. Large scale water conservancy projects, coupled with innumerable smaller dams on mountain streams, would be needed to protect agriculture from floods and drought that are now, in some degree, inevitable every year. Conservancy projects in the plan, however, are limited to what has been done already, to further work on the Huai river project and to the beginning of work on the Yellow river. Though much designing of projects to be carried out in the second and third plans will be undertaken in the next two years as a sop to public opinion, actual work on other rivers will be confined to maintaining the present inadequate system of dykes. The

Chinese authorities are worried about this situation but cannot stretch their resources any further.

Failure in the agricultural sector will have three results—jeopardise production in light industry, upset the precarious financial stability and make more difficult the consolidation of political control. The first problem can be met in part by further reducing imports of consumer goods and increasing raw material imports which, so far as trade with the non-communist world is concerned, might mean a change in the direction of trade—a rise in imports from raw material producing countries and a decrease in imports from producers of manufactured goods. Already the fall in cotton output in 1954 has resulted in a new agreement to import cotton from Egypt. The second problem is more difficult to tackle. As the plan now stands, purchasing power is increasing more rapidly than production. A failure in agricultural production would intensify the divergence. Prices cannot, for political reasons, be allowed to rise steeply though they are being increased in some directions. Rail charges have been modified in such a way as to raise the cost of transporting consumer goods and passengers, and reduce transport costs for industrial equipment and raw material. But for the most part the government will rely on an extension of controls, more forced loans and similar measures which will bring fresh difficulties in their wake.

Only in the last resort would a failure to reach the planned targets for agricultural production be allowed to affect the level of capital goods imports and the expansion of heavy industry. The government has made it clear that it is prepared to reduce the level of domestic food consumption still further to maintain agricultural exports. Consumption in rural areas was reduced during the re-organisation of the grain supply and marketing system this spring. It is now being reduced in the cities following the introduction of a new grain rationing system. Further experiments in rationing were foreshadowed in speeches to the National People's Congress. Should the level of agricultural exports fall and imports for heavy industry be endangered, China might postpone construction of some industrial projects but before that happened it would do its utmost to secure additional assistance from Russia. China is probably paying too high a price for Russian aid to be eager to seek much more while Russia seems to be growing suspicious of China's intentions and has good reason for not wishing to give it more help. But it would not be to Russia's advantage to let China sink so that, if need be, it will come to China's assistance again as it did last year after the floods. Russia's capacity to lend to China, if measured by its generosity to Yugoslavia, must be much greater than its performance to date.

FOREIGN TRADE

In his speech to the recent session of the National People's Congress the Minister of Foreign Trade said that the volume of China's total trade in 1954 was more than 9 million tons, the value 8,486 million yuan, which approximates US\$3,447 million, and of US\$689 million for China's trade outside the Soviet bloc. US official report on Soviet trade in 1954 gives a rather lower estimate—\$656.2 million. Whichever is the true figure, the total value of China's foreign trade has probably surpassed the \$3,000 million mark. 88.5 per cent of imports in 1954 consisted, according to the Minister, of producer goods; this is a slightly higher percentage than was quoted in previous statements. 93.9 per cent of imports from the Soviet bloc were producer goods. Purchases of non-ferrous metals and transport equipment were 40 per cent greater than 1953, of chemical 93.9 per cent of imports from the Soviet bloc were producer goods and imports of rolled steel, fertilisers and cotton also rose. Deliveries of complete sets of industrial equip-

ment from Eastern Europe were two and a half times as great as in 1953. Among exports, China sold more subsidiary foodstuffs, silk, tea, mineral, animal products including wool, industrial products including sewing machines, hosiery, tea and printing machinery.

The tone of the Minister's references to the five year plan was strikingly different to that of most of his colleagues. They said that targets were realistic and could be fulfilled or over-fulfilled; he described the plan for a 66.5 per cent increase in the volume of foreign trade between 1952 and 1957 as a target 'merely for controlling purposes', a target 'for struggle'. China's trade policy is intended to be more flexible than other aspects of the plan. The aim at present is to maintain grain exports at the 1953 and 1954 level, given in another speech as 1.75 million tons of which nearly half was soya beans; to keep exports of vegetable oil at the 1954 level, that is 36 per cent below exports in 1953; and to increase sales of materials, and native and animal products, including tea, silk, wood oil, tobacco, tinned foods, bristles, casings, meat, and wool. If output of light industry is sufficient, exports of manufactured goods will also be raised above the current level. Among imports, goods required for the 156 Russian-aided projects take priority, followed by goods for other development projects, raw materials for light industry which are not produced in China or not in sufficient quantities and, a poor fourth, consumer goods.

The Minister was less explicit about the direction of trade, merely stressing the fundamental importance of trade with the Soviet bloc, and referring to the increase in direct trade with South East Asia and, very discreetly, to the importance of securing some changes in the U.N. embargo. However, in an article in the Moscow Foreign Trade Journal this summer, he pointed out that China had increased its deliveries to the U.S.S.R. in 1954, partly in compensation for the handing over of the joint Sino-Soviet companies. Deliveries to Russia will probably rise further during the final three years of the plan since Russia is committed, by this year's trade agreement and the additional loans granted in 1954, to deliver more to China, and will require more in return while repayment of earlier loans will have to be started. Total trade with Eastern Europe is not likely to rise. There is evidence from Eastern Europe that trade is decreasing because China is dissatisfied with the quality of goods it is receiving from Russia's satellites and will look elsewhere, if it can. Trade with Asian Communist countries tends to be a one-sided affair. China is already giving North Korea 800 million yuan of economic aid over a four year period; aid deliveries were reported by Pyongyang to have amounted to 300 million yuan in 1954. Last July China signed a similar agreement, again for 800 million yuan, with North Vietnam. The effect of these agreements is partly to divert supplies from economic construction* in China rather than divert goods from other export markets to North Korea and Indochina; but they must also entail some restrictions on exports of food, textiles, and tools, textile machinery and other commodities which might otherwise be sent to South East Asia in greater quantity. Taking trade with the Soviet bloc as a whole, it seems that both exports and imports are designed to rise. This makes the less likely any large increase in trade with the non-Soviet world, unless the U.N. embargo is removed. In that case it would suit China to divert trade from the Soviet bloc elsewhere, particularly from Eastern Europe, to obtain supplies of better quality for industry.

The trade statistics of major west European trading partners, Japan and Hongkong, show only a slight increase in exports to China during the first half of 1955 as compared with the same months of 1954. Exports were well below the higher level of the second half of 1954. Imports from China on the other hand have increased, in almost every case, over the level of the second as well as the first half of 1954:

Trade with China: January-June
(in million US\$)

	Exports to China		Imports from China	
	1954	1955	1954	1955
France* †	5.1	2.7	3.8	3.3
Hongkong	31.9	21.5	53.2	71.1
Italy* †	2.4	2.4	0.8	1.4
Japan	4.7	14.6	18.1	39.8
United Kingdom	8.3	11.9	10.9	16.2
Western Germany*	6.1	10.8	12.7	19.7
Total of above	28.5	63.9	99.5	161.5

* January-May

† Including Formosa.

China has reduced its imports of minor items—metal manufactures, machinery, copper—from most countries and is concentrating on chemicals, fertilisers, coal tar dyes, rayon and from Britain, wool tops. Recently China has begun to buy quantities of cotton from India and Egypt. In August a cotton agreement was signed in Peking by an Egyptian trade delegation. It provides that China will buy £10 million worth of Egyptian cotton annually for the next three years. Negotiations on the 1956 rubber—rice contract with Ceylon should be completed before the end of next month. A Chinese trade mission visited Argentina in July and discussed the possibility of buying oilseeds, cotton and wool there in return for silk and hemp manufactures, newsprint, resin, machinery and light metal goods.

The trade agreement signed with Finland covers US\$15 million worth of goods each way. A Swedish trade group which visited China recently signed contracts to supply light machinery and welding equipment. China has bought electric generating equipment from Switzerland and the leader of the Chinese delegation to the Lyons Fair said that it would like to make similar purchases in France and also to buy wool textiles, rayon, vehicles, petroleum, salt by-products, sugar and complete sets of industrial machinery. A new trade agreement was recently signed in Peking between Chinese authorities and a Japanese trade delegation. China would supply Japan some 400,000 tons of coal in exchange for 15,000 tons of galvanized iron sheets. East Germany and China agreed to exchange more goods than the existing trade pact provides for. China would send extra tea, meat, preserved fruit and mining products in exchange for East German machinery, electrical, optical and precision instruments.

China is also pushing exports to Hongkong and other countries in Southeast Asia to earn more foreign exchange for raw material imports.* According to a Peking report, during the first eight months this year, trade with Communist countries was 10.8% higher than that for the same period last year; while trade with Southeast Asia and other countries showed an increase of 22.41%. More than ever before, Peking's policy in trade with the free world is to buy only industrial raw materials and equipment particularly those items which could not be obtained from Russia. China's 5-year plan may have been revised or even drastically changed, but the political aim of the plan—to build a socialist society—remains unchanged, though it will take another two plans before socialism could get nearer its goal. Judging from all available reports, Peking could not afford to start another major war in the near future; at least not before 1960. Meanwhile, there would be a period of "peaceful co-existence" and even an increase in trade with the free world.

* Peking is desperately trying to earn more exchange. In Hongkong, many stores display typical Chinese foods, canned goods, art objects like carvings, etc., offering to sell at very low prices. Even in Macao where the public has no money to waste on luxuries, Chinese art objects are displayed in large quantities. Local Chinese smile when they see the food articles on display, and comment that the people in China are being severely deprived of so-called delicacies and specialties while the local and southeast Asian markets, where overseas Chinese reside, are overwhelmed with this type of food. It is not guns for butter, a la Goering, but industrial equipment for Peking ducks. (Ed).

SINGAPORE MANUFACTURING INDUSTRIES

Steady progress in industrial development and output showed generally a definite increase in 1954 over that of 1953. Difficulties were experienced in the rubber milling industry owing to restrictions placed by the Indonesian authorities on the export of slab rubber from Sumatra. But, despite this, final import figures exceeded those of the preceding year and total production reached 103,000 tons as opposed to 94,000 in 1953. Rubber footwear production continued to expand and output was only slightly less than 3 million pairs. Locally made shoes find markets beyond the circle of traditional entrepot markets and are in demand as far afield as the Persian Gulf and Fiji.

The manufacture of beer and stout continues to be a major Singapore industry. Production of beer rose from approximately 4.6 million gallons in 1953 to 4.9 millions in 1954. A local firm was awarded the Championship Gold Medal at the London Breweries Exhibition in London and also the 1st Prize Silver Medal for the best beer in its own class.

Production of mineral waters and cordials was carried on by sixteen concerns and three new large soft-drink factories catered for an increasing demand for non-carbonated fruit drinks. Soft-drink production in 1954 reached the formidable total of 1,000 million ounces while 54 million ounces of soda water were produced.

The demand for local confectionery again showed a considerable rise. The 1954 output of the ten factories manufacturing biscuits was raised from 233,000 cwts. in 1953 to 302,000 cwts. in 1954.

A major rise in production was also recorded in the pineapple industry. Practically the whole of the Singapore production goes to the export markets, and exports rose from their 1953 level of \$17.8 millions to \$23.5 millions in 1954, 80 per cent going to the United Kingdom alone.

The progress made in the pineapple industry is inevitably reflected in ancillary manufacturing trades and production of tin-cans for pineapples rose from 45 millions in the previous year to 60 millions in 1954. A parallel expansion took place in the conversion of imported Kraft board into cardboard cartons, the bulk of which are used for the packing of tins of pineapples.

These cartons are also used by glass manufacturers for their own products. Past activity in this business centred largely on the manufacture of aerated water and beer bottles, but a fall in local demand coupled with the continued closure of the Indonesian market resulted in production figures dropping from 21,000 tons in 1953 to 17,000 tons in 1954. Potentially severe losses were, however, avoided by an intensive export drive opening up new markets in Ceylon, Burma and Hongkong and by a switch to the manufacture of glassware such as tumblers and bowls for which there is an expanding demand both in Malaya and overseas.

A number of new factories, some under construction since 1953, went into operation. A company undertook the production of ropes and locally manufactured boat polish, using as many as 5,000,000 locally manufactured boot polish tins, found markets not only in Singapore and the Federation of Malaya but in Siam and Hongkong as well.

Factories for the manufacture of pencils, perfumes, cosmetics and cigarettes began supplying the local market and Singapore manufactured cinema carbons began to replace imported carbons for the first time. Productive capa-

(Continued on Page 540)

SINGAPORE'S TRADE

It was the intention of Sir Stamford Raffles, when he first arrived, that Singapore should be a free port acting as the entrepot for the surrounding territories of South-East Asia. This principle of freedom of trade has been the corner-stone of Singapore's policy throughout the 136 years of its existence and, together with the accumulated experience and skill of its merchants, has been the guarantee of its continued prosperity. It has enabled it to take the fullest opportunity not only of the increasing volume of demand in its traditional entrepot areas, but of the twentieth century expansion of international trade which has enabled its commerce to reach all parts of the globe.

Trading conditions improved during the course of 1954. During the early months, the volume and value of the Colony's trade continued to follow the declining trend apparent in the previous year, but an unspectacular but steady increase in the prices of rubber and tin soon made itself felt. Tin prices levelled off by the middle of the year, but

Although the overall figures are encouraging, the entrepot trade still suffers from the strict licensing policies of neighbouring territories. Exports to Indonesia were lower than in preceding years, although in the latter part of 1954 a degree of recovery was made. Trade with Thailand, although more stable, showed a declining trend.

Commodities

Owing to the increase in the prices of Singapore's principal export commodities, and the relative stability in prices of imports, there was a steady improvement in the Colony's terms of trade throughout the year. The position at the end of December showed a deficit of \$391 millions on visible trade as compared with the overall deficit of \$360 millions in 1953. Figures do not include trade between Singapore and the Federation, which is substantial. Exports include re-exports.

Trade in Principal Commodities

(by volume)

IMPORTS			EXPORTS		
1952	1953	1954	1952	1953	1954
317,790	252,578	317,965	555,343	506,480	555,295*
92,348	63,734	85,433	27,013	26,853	33,276
5,384	5,627	12,597	9,055	5,977	14,056
188,334	152,425	110,995	1,998	3,486	16,642
109,066	40,894	58,328	134,388	114,677	38,625
77,186	67,610	105,421	69,425	23,916	16,727
974	614	673	46,236	55,794	53,995
37,182	23,745	12,160	23,999	13,712	35,537
288,014	148,919	73,544	40,406	27,605	11,389
1,248,996	792,115	956,351	170,715	54,341	20,439
5,689	711	123	243,052	179,543	91,184
1,462,355	1,170,848	1,219,545	6,059	805	239
4,495	8,657	18,025	365,316	206,612	95,966
343,693	306,362	200,442	4,643	8,829	17,596
68,976	67,536	64,454	92,387	43,367	48,533
11,217	11,131	11,033	7,810	7,330	9,841
17	20	.22	3,916	3,708	3,733
95	482	158	10,913	16,264	19,890
79,167	41,065	70,773	31,865	26,174	24,645
238,997	197,594	218,636	22,521	18,719	28,193
21,612	34,751	11,180	15,147	12,935	10,489
3,816	954	589	12,832	22,789	3,760
7,285	4,277	4,149	778	302	242
			619	436	473

* Including transhipment.

rubber continued its upward movement and maintained this progress for the rest of the year.

This buoyant tendency of the major products provided the stimulus necessary to improve the general terms of trade and to carry the overall value of foreign trade beyond the figures attained in 1953. Imports decreased slightly by \$13.1 millions but exports increased by \$78.6 millions so that the overall increase was \$65.5 millions including parcel post and bunker fuel. The total value for the year was \$4,506 millions.

Competition became keener as the year progressed and stocks, particularly of textiles, which had proved unsaleable over the preceding eighteen months were finally disposed of, while newer and wider ranges of all types of goods made their appearance on the market.

Rubber

1954 has been a very satisfactory year for the Singapore natural rubber market. In February the Federal Facilities Corporation of the U.S.A. forecast a substantial reduction in the quantity of American synthetic rubber to be marketed during the year. Later it became apparent that the earlier fears of a burdensome surplus of natural rubber during the year were unjustified. In consequence consumers tended to increase their working stocks above the hand-to-mouth level held for so long. The healthier statistical position for natural rubber was the underlying factor influencing the rise in price; political factors also played their part. The firm trend in the rubber market commenced in April and continued throughout the year, a steep rise in prices making itself felt during the last quarter.

Average Monthly Price of Rubber
(Straits cents per pound)

Ribbed Smoked Sheet

	Grade 1	Grade 3	Crepe Blanket
1952			
April	109.6	104.5	76.5
December	91.7	83.7	79.0
1953			
April	68.3	63.0	61.0
December	59.6	56.5	49.5
1954			
January	55.9	53.8	46.2
April	60.5	58.5	55.8
August	67.2	66.3	64.3
December	86.0	83.5	79.2

The International Rubber Study Group held a meeting in Colombo in May. It was decided to shelve for the time being the plans for an international rubber buffer stock designed to stabilize world rubber prices at equitable levels.

In May the U.S. Government announced a permanent policy for the sale of its strategic rubber stocks under which the amount of inferior rubber to be replaced by better grades would be limited, and sales from the replacements to the stockpile would be carried out simultaneously at the same price levels. This had the effect of reducing the difference in price between the higher and lower grades of rubber to normal with beneficial results on the stability of the rubber market.

Singapore rubber traders convened a conference in Singapore in April to discuss questions of packing and quality with representatives of producers and consumers in all countries. As a result of the conference representatives from the U.S.A. were able to learn at first hand the difficulties existing since the war, especially the lack of suitable material in Singapore for the manufacture of remilled rubber of the grades specified by the Rubber Manufacturers' Association of the United States of America. Seven additional special Singapore grades, though not classified as standard R.M.A. grades, were accepted by the rubber trade of the U.S.A. and by other principal importers.

Tin

The bulk of tin ore smelted in Pulau Brani, off Singapore, is obtained from mines in the Federation.

Exports of Tin
(by value in Malayan dollars)

	1952	1953	1954
United Kingdom	34,084,019	7,887,040	11,084,287
United States	74,450,406	97,502,507	116,646,632
Germany	8,282,825	778,783	320,789
Japan	3,841,335	11,348,529	7,198,251
Italy	14,132,009	10,325,824	6,826,680
France	12,167,578	8,872,885	11,960,140
Netherlands	42,406,321	8,527,060	6,134,168
Other Countries	28,064,190	27,048,883	35,824,440
Total	217,428,683	172,291,501	195,995,327

The price of tin stood at \$314 per picul (133-1/3 lbs.) at the beginning of the year, rising progressively during March and April as previous fears that the United States Government would stop buying tin for their strategic stockpile were dispelled. From May to October the price remained steady around the \$360 level except for a sharp rise in July. It declined slightly during November and December owing to increasing mine output, and uncertainties about U.S. stockpiling and about the ratification of the International Tin Agreement.

This Agreement, signed earlier in the year by sufficient consumer and producer countries to bring it into force when ratified, provides for the setting up in London of an International Tin Council to operate a buffer stock to regulate prices.

Petroleum Products

Singapore is a large consumer of petroleum products, of which a considerable proportion comes from Sarawak and Indonesia. There are two large bulk installations at Pulau Bukom and Pulau Sebarok which store and blend oil for redistribution and ship bunkering, and act as terminals for transshipment of the commodity.

Total imports decreased to \$519 millions and total exports increased to \$352 millions in 1953. Exports for ship and aircraft stores increased very slightly in value from \$107 millions to \$108 millions.

Food

The decision made late in 1953 to free sugar from Government control and return it to commercial procurement was implemented in February, 1954. Supplies during the year were brought in mainly from Taiwan, the United Kingdom, Java and Hongkong. As the world position improved ample supplies became available at slightly reduced prices.

Rice was the last commodity remaining under ration and price control, and at the beginning of the year the Government had in stock nearly 43,000 tons bought under contracts signed early in 1953. Although rice production during 1953 was beginning to overtake consumption a further contract was signed with Thailand in January, 1954, in order to ensure that Singapore's supply of its most essential food would be safeguarded. This contract provided for the purchase of a minimum quantity of 20,000 tons at prices ranging from £5. 12s. 0d. to £10 per ton lower than for the 1953 contract. Owing to difficulties experienced in securing rice of a grade equivalent to the contract samples, it was not until June that the Government accepted its first shipment of 2,000 tons. During the year, in accordance with the terms of the contract, price negotiations took place with the Thai Government and a reduction in the 1954 contract prices of 5 per cent for white rice and 10 per cent for broken rice was eventually arranged. Price control was withdrawn and rationing restrictions were eased in February, 1954 but the Government continued to sell rice both through established wholesalers and by tender in order to clear its previous year's stocks. Government selling prices were constantly adjusted to meet the falling market trends. During the year the Government decided that, although the trading in rice should be freed, it would be necessary to maintain a stockpile as a precaution against any emergency. The details of a stockpiling scheme were worked out by a special committee. Towards the end of the year the Government was able to withdraw entirely from the wholesale and retail trade in rice and to relax control on imports to allow free importation of any grade subject to the importer purchasing a quantity of the Government's stockpile in proportion to the amount of import.

Supplies of flour were adequately maintained and control was removed towards the middle of the year.

As a result of the return of the meat trade in the United Kingdom to commercial channels in August, 1954 the Australian meat market began to sell on a quality basis and prices rose substantially. As the bulk of Singapore's supplies of frozen meat comes from Australia, there was a significant rise in import prices, especially for lamb, though as the result of large stocks on hand it was not necessary to raise retail prices until November.

The supply of locally grown vegetables was seriously reduced by floods towards the end of the year and prices rose considerably. Immediate steps were taken by the

Government to rehabilitate farmers affected and supplies are expected to return to normal early in 1955.

Other Commodities

The main pattern of trade in textiles is one of imports from India, Japan and the United Kingdom and re-export to traditional entrepot countries. During the year, the stocks accumulated in Singapore during 1953 were largely used up and the trade adapted itself to the lower turnover imposed by import restrictions in Indonesia and Thailand. Exports to Indonesia were relatively small during the first half of the year, but showed a welcome increase in the final months.

Substantial imports of copra were received during the year. The greater part of these is used for local consumption and for processing into refined oil and copra cake for overseas. The balance is re-exported after grading. In 1954 China was the largest buyer of crude oil and Burma of refined coconut oil. Supplies from Indonesia increased considerably and, as a result of rising demand and higher prices, local production increased also. 93,824 tons of copra were imported as compared with 57,117 tons in 1953.

Trade in spices continued to be affected by the stoppage of the clove trade with Indonesia. However, exports of pepper (white and black) increased considerably: 8,609 tons valued at \$55 millions were exported in 1953 while 1954 exports were 17,596 tons valued at \$61 millions.

Exports of coffee beans increased from \$9 millions in 1953 to \$59 millions in 1954 while \$27 millions of black tea were sent to the overseas market.

Import and Export Control

As a member of the sterling area Singapore continues to limit the import of goods from hard currency sources. Licensing of imports is undertaken by the Import and Export Control Division of the Department of Commerce and Industry. The bulk of imports is, however, on open general licence.

A further liberalization of import licensing took place during 1954 and with a few exceptions the only import restrictions remaining at the close of the year were those on the direct import of hard currency goods. Although the sterling area's gold and dollar reserves improved during the year, they had not reached a level at which any general relaxation of dollar import restrictions was possible. Owing, however, to the greater availability of a wide range of goods from non-dollar sources there was a saving of dollar ex-

penditure on these goods. It was decided during the year to extend considerably the list of permissible dollar imports by placing on direct import licence a range of goods hitherto brought in via Hongkong. Direct dollar imports for the year amounted to \$29 millions compared with \$76 millions in 1953. The main direct dollar imports were wheat flour, apples, oranges, tinplate, manila rope, newsprint, tractors, air-conditioning units, machinery and machinery spares.

Practically all restrictions on imports from Japan were removed during the year. Particular items transferred to the free list were fertilisers, sugar, motor vehicles and roller bearings. Textiles and cement continued to be licensed on a quota basis. The quotas were, however, more than sufficient for trade requirements and were distributed in such a way as to offer the minimum restriction upon individual traders.

The remaining quota restrictions on imports of cameras, radios, motor vehicles and watches and clocks from sources outside both the sterling and dollar areas were removed.

There was a considerable relaxation of export control. The system of licensing exports of rubber was modified and Hongkong, Macao, South Korea and Formosa became the only destinations for which prior export licences were required. The export of rubber and other strategic materials to China and North Korea continued to be prohibited. Export restrictions remained over a limited range of goods in short supply, principally carbon black, round timber, constructional steel, nitrogenous fertilisers and petroleum.

Distribution

The import of manufactured goods and the export in bulk of Straits produce is undertaken largely by companies owned and managed by Europeans.

Dealers are mainly Chinese except in the case of textile merchants who are predominantly Indian and Pakistani. It is these dealers who finance the small trader, breaking down case lots of manufactured goods and supplying assorted cases on credit. These are then retailed in Singapore, although a high percentage are re-exported to neighbouring countries. The dealer also acts as the essential link between the trader in Straits produce and the export house. He collects the produce and sells it outright to the merchant house which grades, reconditions and despatches overseas.

There are three Chambers of Commerce, the Singapore Chamber, the Chinese Chamber and the Indian Chamber; all three play an important part in the public life of the Colony.

— Extract from Singapore Government Report 1954

CIVIL AVIATION IN SINGAPORE AND MALAYA

SINGAPORE

The geographical position of Singapore is no less favourable for airline operation than for shipping services. Air services on the major international routes are operated by the British Overseas Airways Corporation and Qantas Empire Airways between the United Kingdom and Australia, by Royal Dutch Airlines between Europe and Indonesia, and by Pan-American Airways between Singapore and the United States via the Philippines. Airlines based in Hongkong, India, Burma, Indonesia and Thailand maintain regular services to Singapore, whilst Malayan Airways Limited, a Singapore registered company, maintains its accident free record.

The Department of Civil Aviation, under the control of the Director-General of Civil Aviation, Malaya/Borneo Region, has its Regional Headquarters in Singapore. The Director-General, in addition to his duties towards the department in Singapore, is responsible for the overall supervision and regional co-ordination of civil aviation in the Malaya/Borneo Region. Air legislation in the Malaya/Borneo Region is basically that of the United Kingdom, adapted and modified to suit local conditions.

The registration of aircraft is undertaken by the licensing branch of the Department of Civil Aviation. The aircraft nationality markings allocated by the International Civil Aviation Organisation to the Colony are the letters

VR. These letters are followed by a hyphen and three identification letters, the first of which is "S" denoting that the aircraft is registered in Singapore. The total number of aircraft registered in the Colony at the end of 1954 was 29.

In addition to the registration of aircraft the licensing branch is responsible for the issue and renewal of all aircrew licences. To assess the technical knowledge of applicants for the various grades of aircrew licences examinations are conducted at regular intervals. Examinations for private pilots and for subjects covering air legislation for professional pilots are set and marked by the licensing branch. Examinations for professional pilots (including such subjects as navigation, flight planning, meteorology, instruments and navigational radio aids) are taken in Singapore but prepared and marked by the Ministry of Transport and Civil Aviation in London. In 1954 twenty-five such examinations and eleven examinations for private pilots licences were held.

Aerodromes

One civil aerodrome and four military aerodromes are situated on Singapore Island and there is a civil aerodrome in the Cocos Islands administered by the Australian authorities.

Kallang Airport, the international airport for Singapore, is two miles from the centre of the City. During 1954 the Control Tower at Kallang maintained a full twenty-four-hour watch. Air traffic control was operated in accordance with the provisions of the Colonial Air Navigation Order and with the standards and practices recommended by the I.C.A.O.

Airport Passenger and Freight Statistics

	1953	1954
Aircraft		
Arrivals	5,689	5,584
Departures	5,693	5,580
Passengers		
Arrivals	62,391	62,865
Departures	61,665	60,534
Freight		
Arrivals	Tons 871	Tons 945
Departures	3,123	3,385
Mail		
Arrivals	381	452
Departures	401	464

Construction of the runway for the new International Airport at Paya Lebar was ahead of schedule at the end of 1954 despite the wettest weather for 85 years. By December nearly 3½ million cubic yards of earth had been moved by mechanical plant, approximately 66 per cent of the metalling on the runway had been completed, the six acre concrete parking apron laid, the workshops and hangars which will be used as an interim terminal building were well on the way to completion, concrete holding points were nearly half completed, preliminary drawings for the permanent terminal building were approved, the main approach road to the Airport was being surfaced and the construction of ancillary buildings had been begun. At the end of the year 197,000 tons of stone had been laid, and this phase of the work was proceeding at the rate of 1,100 tons a day. An incident in the construction was the removal of a sacred tree weighing 20 to 30 tons a distance of some 500 yards. After transplanting it appeared to continue flourishing. The entire labour force is locally domiciled and consists of 600 men. Of these, 220 are engaged in the operation and maintenance of the heavy machinery employed in the construction of this modern airfield, where almost complete mechanization has been adopted.

Expenditure to the end of 1954 was \$15 millions of which nearly \$6½ millions were spent in the year. The total cost is estimated to be:—

Land and resettlement about	3
Terminal building about	6,100,000
Airport excluding above	6,600,000
	21,300,000
	34,000,000

Of this sum \$10,000,000 is to be met by a Colonial Development and Welfare grant.

The runway, taxi tracks, formation for holding points, and earthworks generally are being executed directly by the Public Works Department, while the balance of the work is being carried out by contract on designs prepared by the Public Works Department.

Air Safety

The Joint Civil Aviation/Royal Air Force Regional Air Traffic Control Centre at Kallang Airport operates 24 hours a day and is responsible for the safe and expeditious flow of air traffic flying within the confines of its Flight Information Region of 750,000 square miles.

Associated with the transfer of Kallang Airport to Paya Lebar plans are now being perfected for the introduction of unidirectional traffic flow for the Singapore terminal area using a method of inbound and outbound routings based on an airways procedural system allied to radio beacons. One beacon has already been installed in Johore Bahru and others are expected to be in operation before the end of 1955.

Meteorological information is supplied by the Malayan Meteorological Service which maintains a forecast office at Kallang Airport. Weather information is obtained from meteorological stations covering an area extending from Japan to Aden and from South Korea to Central Australia. Weather reports and forecasts are supplied in accordance with international procedures to aircraft operating on routes within or passing through the Flight Information Region. A continuous watch is maintained on weather conditions on all routes in this region and broadcasts of meteorological information to aircraft are maintained at half hourly intervals throughout the hours of daylight. The radio telegraph and radio telephone facilities for these services and for communications to and from aircraft in flight are provided by the Department of Telecommunications.

The office of the Surveyor-in-Charge of the Air Registration Board, Singapore, performs functions similar to those which the Ministry of Transport and Civil Aviation has delegated to the Board in England, including the inspection of aircraft for airworthiness.

MALAYA

The Federation is well served with air transport and frequent passenger services regularly fly between 27 places in the territory.

There are eight aerodromes with full facilities; during 1954 new landing grounds at Gua Musang (Kelantan), Kemaman (Trengganu), Grik, Labu Kubong and Kampong Lambor (Perak) were brought into use and the total available is now 56. At Kuala Lumpur, work proceeded on improvements to the landing area and flight approaches but progress towards better passenger amenities was less than expected. Although for some years this aerodrome has received occasional international flights it has been decided that it should not be so used again until designated as a "sanitary aerodrome" after new buildings are ready. Penang is available for international traffic, but it is not able to take the larger aircraft. At Kota Bharu, work began on a new terminal building and at Alor Star a new runway is under construction. At Kuantan, seven staff houses were

built and an extension of the passenger accommodation was begun. At Ipoh, extensive drainage and surfacing work was carried out.

Aerodromes are open from sunrise to sunset, with somewhat longer hours at Kuala Lumpur where landings at night are regularly made. The weather of Malaya interferes little with flying and on less than 5 per cent. of the working hours of these aerodromes were conditions below that specified for visual flight. On 47 occasions an aeroplane bound for one of the eight main aerodromes was diverted from its expected landing place and had to land elsewhere. Malacca is the normal alternative to Kuala Lumpur and the weather recorded there showed only 40 hours of Instrument Flight Rules conditions, compared with 367 hours at Kuala Lumpur.

There was no accident to any public transport aircraft and no civil aeroplane was involved in the death or injury of any person.

At the end of 1954 the following regular air services were operating from the Federation:

Malayan Airways Ltd.—

From Kuala Lumpur to Singapore 36 a week
 From Kuala Lumpur to other parts of Malaya 27 a week
 From Penang to Singapore direct 10 a week
 From Penang to Medan twice weekly
 From Penang to Bangkok once weekly.

Federation Air Service—

From Kuala Lumpur to Pahang and the East Coast 6 a week
 From Kuala Lumpur to Central Pahang twice weekly
 From Kuala Lumpur to Perak and the West Coast twice weekly.

Nanyang Airways Ltd.—

No services, as this company ceased to operate on 31st July after 3½ years mainly engaged on daily transport of newspapers.

Union of Burma Airways—

From Penang to Rangoon once weekly.

Thai Airways Ltd.—

From Penang to Bangkok 3 a week.

Malayan Airways Ltd. is a private company registered in Singapore and, for use in Malaya, has a fleet of eleven DC3 aeroplanes. These normally carry 21 passengers each but in November three were converted to 28 seats for use on tourist services. The company scheduled 6,805 flights during the year and of these 6,786 were operated. Regularity of 98.7 per cent. was achieved and punctuality at 95.1 per cent. was .2 per cent. lower than the previous year. These figures would have been better had it not been for very adverse weather during December.

The Federation Air Service is owned by Government and has a fleet of five DH Beaver aeroplanes. The service was managed for 2½ years by Malayan Airways but, from 1st July, the management was taken over by the Malayan Railway. This service is designed to provide air communications with the more remote places and there are 44 landing grounds to which the Beavers can go on schedule services or on charter.

There are flying clubs at Kuala Lumpur, Ipoh, Penang and Klang; these use light aircraft and in the case of Ipoh gliders are also flown.

The Royal Navy and the Royal Air Force are constant users of Kuala Lumpur Airport. Occasional visitors were BOAC, Skyways Ltd., Hunting Aerosurveys Ltd. and a number of private owners.

Civil aviation is administered by the Department of Civil Aviation which from 1st February was placed in the portfolio of Ministry of Transport. The revenue earned by the Department is mainly from fees paid by commercial aircraft for the use of aerodromes.

The number of aeroplanes of all types which landed or took off at civil aerodromes was 35,812, and Kuala Lumpur was the busiest with an average of 98 movements a day.

RECENT DEVELOPMENTS IN SINGAPORE

Chinese Student Outlook

Mr. Marshall has been conscious that as a popularly elected Chief Minister, his success must depend on his winning the allegiance of the Chinese to Singapore. The direction of his thinking has been shown in his answers to groups of pupils from the Chinese Middle Schools who with some of their teachers, are agitating for the release of a teacher in the Chinese school, who was detained at the time of the attempted sympathy strike in June, under the Emergency Regulations. The students came to argue and when they refused to accept the hard facts or good faith of the Government, Mr. Marshall told them to the satisfaction of many that they were pupils and must believe in some matters that their elders, let alone their government, knew better. The arrest implied no attack on academic institutions: it was not the decision of "colonial officials" but of the Government of which he was Chief Minister: it was no 'gross abuse' of the Emergency Regulations: but its purpose was to restrict the activity of the arrested teacher, who, however sincere, was encouraging an international subversive movement in Singapore, and preventing the schools from training up a Malayan-minded generation. He did not want Malaya to

become a satellite of any country. A similar issue arose in connection with a concert to be staged by the Chinese Middle Schools in aid of the Nanyang University. The whole bias of the concert was to scenes and activities in the new or Communist China, which might have taken place anywhere and without Malayan context. A new factor entered with the warning by the new UMNO-MCA Minister for Education, Dato Razak, to Chinese Middle School pupils visiting Singapore during the vacation. He warned them against contact with Chinese schools in Singapore, adding that drastic action would be taken if on their return, acts of defiance similar to those in Singapore were to take place in Federation schools. The effect has been great, coming so soon after the new Ministers have taken office with such a resounding victory.

It seems necessary to win the allegiance of the Chinese by granting citizenship rights. This is an issue which the Chinese Chamber of Commerce, with the Chief Minister's full support in principle, put before the Secretary of State for the Colonies. The proposal is that after 5 years residence, all Chinese over 21 who renounce any other allegiance and take an oath of loyalty to the Queen, may become citizens. Whether this will satisfy those who demand

citizenship automatically as of right on the analogy of the automatic registration of local-born and naturalised voters remains to be seen. But the problem is urgent and there is a moderate group that sees the emotional and legal difficulties involved, and will try to find the greatest possible degree of practical solution. A Chinese delegation made the strong point that the younger generation, most likely to move back to China and more vulnerable to the Communist infection, were citizens by birth, and that it seemed illogical to deny the same citizenship to their parents with more roots of work and habit in Singapore and less vulnerable to the heady blandishments of new ideologists. They accepted the need for active steps to prove and declare active loyalty, but in the phrase "naturalised British subject", each word had been interpreted in a way which caused irremovable misinterpretation.

Sir Sydney Caine as Economic Adviser

Soon after his appointment, the Chief Minister announced his intention of appointing an Economic Adviser to assist him in re-orientating (how apt the word is in this context) the economy of Singapore Asia-wards. His policy was farsighted in seeing that as Asia provided more of her own manufactures, Singapore as the emporium must adjust itself to trends of Asian trade and not remain in well-worn but emptying grooves. The names of Mr. Benham, who had been Economic Adviser to the Commissioner-General, and Professor Arthur Lewis of Manchester University were mentioned. But it has been arranged that Sir Sydney Caine, in addition to his duties as Vice-Chancellor of the University of Malaya, will act as economic adviser. The announcement defined his duties as to advise "on short and long-term economic policies for the encouragement of local industries, for the utilisation of the wealth of Singapore for productive purposes, for the more even spreading of the income of the country, and for the rapid expansion of the Social Services within the financial potential of Singapore during the next four years." He would also advise on the setting up of an Economic Planning Commission, and on the implementation in Singapore of the recent World Bank Mission Report.

Relations with the Federation

After the MCA-UMNO Alliance had won its resounding victory in the Federation, the Chief Minister welcomed it with a promise of close co-operation and paid an early call on Tengku Abdul Rahman. On his visit to Singapore, he was entertained to a cordial Merdeka-marked lunch by the Council of Ministers. It became clear that the Alliance thought their course ahead to self-government would be easier than Singapore's with a strategic and commercial

importance for the Commonwealth, similar to Hongkong and Gibraltar, and that the two territories must be prepared to go ahead, at different speeds. "If", the Tengku said, by attaching the Federation to Singapore we would not get independence we would be guilty of a breach of faith." This was a new factor for Singapore's Chief Minister whose view had been that Singapore could not achieve independence in isolation. However, he repeated his view that "the special difficulties which arise from the international, commercial and strategic importance of Singapore" did not lessen their "aim and belief that Singapore can and will achieve independence in some form of close association with our twin territory, the Federation of Malaya."

New International Airport

What Singapore has sought since after the war when it was realised that Kallang airport could not be extended to take the large planes, was realised on August 20th when the new airport was opened at Paya Lebar. It was the third and last site to be chosen. The site covers 1033 acres of former farming and copra land. In 3½ years, the work involved levelling the area and moving 2½ cubic yards of earth with bull-dozers and heavy earth-moving equipment manipulated by local labour specially trained; ensuring the proper drainage of tropical rains: making a run-way 8000' (it can be extended to 10,000') long and 200' in breadth; installing the most modern navigational equipment by radio and lights; and finally making a temporary, but complete airport building out of what will be additional hangars and workshops. The credit goes primarily to J. J. Bryan, the Airport engineer. So far it has cost \$26,000,000. Another \$4,000,000 will be spent on taxi-tracks and other work, and a further \$7,500,000 on the final terminal building.

It was an impressive opening to an impressive airport. Mr. David Marshall, the Chief Minister, stated: "I say with the fullest confidence that we have in Singapore the most hopeful prospects for the future. Renascent Asia with its stupendous population and rapidly improving standards of living, offers markets that dwarf anything we have ever known and we are ready on the doorstep, ready to serve. Nowhere else is there so compact a territory in so pivotal a position with a population so young, so healthy, so intelligent. Our commercial past will be dwarfed by the future towards which we are moving, of ever closer ties with the whole of South-East Asia. Singapore is destined to be the pivot and the catalyst of trade and culture of the South-East Asia of tomorrow. We shall live to serve Asia and in serving Asia we shall help build Asia's greatness and ours."

NEW INTERNATIONAL AIRPORT AT SINGAPORE

The task of transplanting a sacred tree weighing about 30 tons, which was growing in the middle of the proposed runway, was one of the problems which faced the engineers who completed the new international airport at Paya Lebar, seven miles from the city of Singapore. The airport, officially opened on August 20, by Britain's Secretary of State for the Colonies, Mr. Alan Lennox-Boyd who was visiting Malaya, is one of the largest in South-East Asia, and has cost about £4,500,000 sterling to build. Although it will be used immediately by the civil air services which call regularly at Singapore, some of the buildings including the passenger terminal will not receive their finishing touches until next year.

Paya Lebar will replace Kallang, the main civil airfield for Singapore since 1937, when it was constructed by the waterfront on reclaimed land two miles from the city. But post-war developments of passenger aircraft, including the British jet and turbo-prop engined types, required greater safety margins for approaches and takeoffs than Kallang could offer, and there was no room to extend its airstrips. Kallang will now become a housing area, and the money obtained from its conversion will go towards paying for the cost of Paya Lebar. A substantial part of the other funds for the new airport have been raised from a grant of £1,160,000 provided under the Colonial Development and Welfare Act, and a contribution of about £500,000

sterling from the British Government. The maintenance of the airport will be the responsibility of the Singapore Government.

Paya Lebar has been built by the Public Works Department in Singapore, under the supervision of the P.W.D. superintending engineer, Mr. J. J. Bryan and with labour recruited in Malaya. Before the project was started, Mr. Bryan toured the principal airports of the world to study the latest methods in construction and design. Giant earth-moving equipment was used to clear the heavy growth of the trees and vines, and prepare the ground for the thick layer of concrete for the main runway, which runs almost due North and South. The discovery that the sacred tree would have to be uprooted brought protests from the Malayan workers. But the engineers carefully excavated around its tangled roots, and moved it about 500 yards to the airfield perimeter. There it has continued to flourish.

The Singapore Government, looking to the future, has bought sufficient land around the airfield to extend the runway—now 8,000 ft. long—by 2,000 ft., and if necessary to construct a second runway. But this extension should not be needed for several years, as aircraft manufacturers are tending to build passenger aircraft which can use existing aerodromes. Some of these "aircraft of the future" have been shown at the British aircraft constructors' and designers' 1955 display at Farnborough, near London, in a preview of the types of commercial aircraft which are expected to operate over world routes in the next five years. The industry has recognised that nations cannot alter airfields indefinitely to keep pace with the foreseeable technical advances in faster and larger aircraft.

Paya Lebar, in its jungle setting of rubber trees and small villages where Malayan workers live, is one of the primary junctions in the trunk routes between the Eastern and Western worlds. Two principal roads link the airfield with the city, already a major telecommunications centre and a strategic base which covers a vast area of South-East

Asia and the Far East. Passenger aircraft from Britain, the United States, Australia, Holland, Burma, Thailand, Indonesia and Hongkong fly scheduled services to and from Singapore. Japan has secured rights to use the airport but is not yet operating an overseas airline there. The aerodrome will provide a 24-hour, all-weather service to these aircraft, and during the forthcoming year will handle more than 5,000 arrivals and departures. Traffic on this scale calls for skilful organising, and a joint air traffic control in which the British navy, army and air force units are co-operating with the civil air authorities has been set up.

In the cramped area of Singapore Island are three British military airfields with a variety of aircraft, from jets to light reconnaissance planes and a continual liaison will be maintained to keep the civil air lanes free from the intruding service aircraft at the critical times of setting-down and taking-off. Many of the air traffic control officers who will guide the aircraft are Chinese and Malaysians, who have been trained in Singapore. A feature of the new airport which will assist them is the freedom from obstructions for a considerable distance from either end of the runway. Behind the six-acre concrete parking apron stand the workshops, four hangars, the interim terminal building, and a well-equipped fire-fighting establishment.

Paya Lebar represents one other significant change in the future of aviation. Its predecessor, Kallang, was not only fitted to cope with land planes but also had facilities for flying boats which once gave a regular service to Singapore and pioneered the commercial route. But flying boats are, at least temporarily, out of fashion, and with its inland airfield at Paya Lebar Singapore will for the time being be exclusively a staging point for land planes. If flying boats should be used again in the future the landing facilities provided for them at Singapore will no longer be adjacent to these used by land aircraft.

— Norman Kemp

SHIPPING AND AVIATION OF INDONESIA

The Government programme can only be carried out at long term owing to the weak state of public finances. The Government plans the Indonesianisation of the inter-insular and coastal shipping, and extension of the Indonesian share in interoceanic shipping. The interinsular traffic will gradually be solely entrusted to the N.V. Pelajaran Nasional Indonesia (Pelni) with exclusion of all other national shipping companies. The coastal shipping will be maintained by bonafide national private undertakings, the interoceanic shipping by both Government and private enterprise. The total number of national shipping companies is now estimated at 65, 25 of which are registered. Of these 25 only some five companies would carry on business on an economic basis.

The financial results of the Pelni, which company owns 39 vessels with a displacement of 22,700 B.R.T., have not been satisfying. Against losses in 1952 and 1953 of Rp 6.5 and 13 million respectively, an even higher loss is estimated for 1954. The majority of the private national companies (with a total displacement of about 25,000 B.R.T.) have to contend with shortage of capital.

The fleet of the Koninklijke Paketvaart Maatschappij N.V. consisted of 100 own and 5 chartered ships, having a total displacement of 190,000 B.R.T. With these ships the K.P.M. maintains 44 regular routes, covering 182,000 nautic

miles. During 1954, 701,000 passengers and 3,312,000 metric tons of freight were carried by the K.P.M., or 11% and 9% respectively less than in 1953.

In the beginning of 1954 a commencement was made for intensifying the cadre training. A modern academy of navigation in Djakarta, to accommodate 600 students, was opened. An increasing number of persons is sent abroad for training (inter alia under auspices of the U.N.O.).

Government stipulated that the licences for dock companies are to be renewed. New licences will only be supplied to companies working with national capital and fully owned by Indonesians. As a transitional measure temporary licences may be issued so as to enable foreign companies to adapt themselves to this new regulation.

Airways

Passenger and freight traffic of the Garuda Indonesian Airways N.V. (G.I.A.) increased during 1954. G.I.A. closed 1954 financial year without losses.

The length of the inland air routes, which covered 23,000 kilometres as at the end of 1953, could be extended to 27,500 kilometres by putting into service several new airports, including Pontianak, Benkulen and Rengat. As at the end of December 1954 the inland air transport system

BANGKOK—PAST AND PRESENT

In the summer of 1767 there was sorrow in the land of Siam. A ruthless enemy had ravaged the country and destroyed the capital, Ayuthia, a city famous for its temples and palaces, a city that for four hundred years had been one of the finest in southern Asia. Ekatat, the last king of Ayuthia, had fled and died a miserable death alone in the jungle. Siam was without a ruler, without a capital, her army decimated, her people harassed by lawless enemy bands. But her spirit of independence was not dead, and as always happens in times of stress a man was found who was able to rally the scattered forces of the country and reconstruct once more that which had been so ruthlessly destroyed. His name was Phya Taksin and he had been one of King Ekatat's courtiers. He established himself in the little southern town of Chantaburi and soon had a following of some 500 men who were able to shake off the Burmese pursuers. His forces grew and after a while he was able to engage the enemy and beat them. The country rallied, by 1770 the Burmese were driven over the border again and Taksin who soon after was raised to the throne as king, began his work of reconstruction.

His first important decision was not to rebuild the ancient capital. At the time of its foundation in the 14th century Ayuthia had been easily accessible from the sea, but in the course of centuries the river had brought masses of silt down the valley and Ayuthia had become a landlocked city. Taksin decided that the new capital must be nearer the sea and he chose a spot half way between Ayuthia and the Gulf of Siam. A little settlement had existed there for about a hundred years under the name of Thonburi, and it even had a small brick fort which for a time in the 17th century had been occupied by French forces, and which still stands in what is to-day a suburb of Bangkok on the western side of the river. Thonburi grew rapidly, her ancient temples were restored and new ones built, and once more peace reigned in Siam.

But King Taksin's reign was not destined to last long. A sneaking mental illness made him unfit for government and only ten years after his accession he was dethroned and finally executed because he still had a large number of

covered 31 places. The discussions for extending G.I.A.'s foreign air communication with Singapore-Bangkok-Manila to Hongkong have had no result.

AIR TRANSPORT BY GARUDA INDONESIAN AIRWAYS

	Aircraft kilometres flown ('000)	Freight and mail (tons)	Passengers carried
1950	9,300	14,500	288,000
1951	9,200	15,500	291,000
1952	9,600	14,700	284,000
1953	10,400	15,400	295,000
1954	12,390	15,800	308,000

G.I.A. has at its disposal 8 Convairs-340, 8 Convairs-240, 14 Douglas D.C.-3's and 14 De Havilland Herons. Since its workshops are equipped with the most modern instruments and machinery, the G.I.A. is in a position to have its aircraft wholly revised in Indonesia.

In order to be able to replace the expatriate staff of civil aviation services as soon as possible—at present about 17% of G.I.A.'s staff consist of foreigners—keen attention is paid to the training of airline pilots and aircraft technicians. In addition to training overseas, more foreign instructors mainly from India will be engaged to train pilots. A secondary technical air school was set up in Djakarta. Courses have been opened for the training of stewards, assistant technicians and clerical staff.

adherents who caused trouble and strife. He was succeeded by one of his generals Chao Phya Chakri, founder of the present dynasty which has given Thailand so many brilliant kings. He ascended the throne under the name of Rama I, and all his successors have used the same name, the present king being Rama IX.

King Rama I was not only a brilliant general but also a very able administrator. He soon realised that the new capital, Thonburi, had some natural defenses, and could be approached and destroyed by an attacking enemy, whereas on the opposite side the S-shaped curve of the river formed a bulging peninsula which could easily be fortified. And so in the year 1782 the King moved the capital to the other side of the river, and Bangkok, or Krung Thep Prha Maha Nakorn (the Great City of Angels) as the city is known in Siamese, came into existence.

The beginnings of Bangkok were small indeed. A Chinese settlement which had existed on the spot for some time was moved and resettled in Sampeng, at that time a distant suburb, now practically the heart of the city. To the West, North and South the bulging river formed a natural line of defence and to the East there was a sea of mud which made it impossible for an army to approach the city.

To begin with the entire city was confined to the area now occupied by the Grand Palace and the great Royal Temples, but this area was soon found to be too small. Gradually the population spread eastward and a canal ("klong") was dug to protect the new settlements. This klong runs along what today is Rajini Road, and joining the river at both ends, made Bangkok a virtual island. Some 30 years later this area too had become too small and a new klong was dug, the Klong Ong Ang, which runs along Mahajai Road, cuts Rajadamnern Avenue and forms a larger island. This klong became the new city moat and new walls were built along it of materials brought down to Bangkok from the ruins of Ayuthia. Parts of these walls are still standing, but of the 16 forts only one remains near the corner of Rajadamnern Avenue. The walls were broken by four main gates, but these have now disappeared due to the exigencies of modern traffic. A glance at a map of the city shows the two curves formed by the two first klongs, and also gives an idea of how enormously the city has grown during the last hundred years. Thus New Road, the main artery of the city, which starts near the Temple of the Reclining Buddha and runs through the entire length of the city, is a comparatively new street, and the so-called "diplomatic quarter" and the fashionable suburb of Bankapi were both rice-fields only thirty years ago.

Thailand has been fortunate in her monarchs during the last two centuries. They have all been brilliant administrators and great builders, and it is largely due to their efforts that Bangkok not only has grown in size but has also been enriched with buildings of great beauty and value. From a small Chinese settlement surrounded by marshes Bangkok has become one of the large cities in Asia with one million inhabitants. Many races blend within her walls. Bangkok is the main cultural, administrative, economic and industrial centre of the country, so much so that the Government is trying to work out a policy of decentralization. With her two universities, her colleges and schools, some of them, like the Chulalongkorn University and the Vajiravudh college, housed in very fine buildings, Bangkok is a cultural centre of importance. Several branches of the United Nations organization have their main offices for Asia in Bangkok, and from a few consulates her diplomatic body

has grown to over 20 foreign embassies and legations. The airport of Don Muang is one of the best in the East. A great new harbour has been built and large ocean-going steamers are able to come up the river. The city's growth, however, has been too fast and many of the social and municipal amenities have not been able to follow suit.

Compared with many other towns Bangkok is not an ancient city, but it has much to offer the visitor, and to the tourist it will always remain the city of magnificent temples and happy smiling inhabitants.

Notes on History and Prospects

The Thai originally peopled the Yangtze valley, where they had founded the empire of Nan-Chao. In time they were pushed down into the fertile plains of the Chao Phya river and in the 13th century, founded their first capital, Sukhothai. After one century, Phra Chao U-Thong formed a new dynasty and established his capital at Ayudhya, where Thailand's kings reigned for the next 417 years. Successive wars were waged with Burma, and Ayudhya finally fell to the invaders in 1767 and was completely destroyed. A general of the vanquished Thai army, Phra Chao Tak Sin, raised men and finally succeeded in driving away the Burmese. He established his capital at Thonburi on the western bank of the Chao Phya River. He did not found a dynasty but was succeeded by one of his generals, Chao Phya Chakri, who founded the present dynasty and established his capital in Bangkok in 1782.

Until 1932, Thailand was ruled by an Absolute Monarchy. On June 24th a group of army officers staged a coup d'etat and were granted a constitution by King Prajadhipok providing for a parliament one half of its members to be elected and one half to be appointed. King Prajadhipok abdicated in 1935. He was succeeded by King Anandha Mahidol who was found dead on June 9, 1946. King Phumiphol Aduldej, who succeeded him, and Queen Sirikit, are residing in Bangkok.

The actual power in the country is wielded since many years by a large group of military officers under the leadership of Fieldmarshal Plaek Pibunsonggram, who is prime minister. There are sometimes tensions among the group of mainly though not always patriotic officers. Until very recently, the principal influence in the government was in the hands of Police General Phao Suriyanondh and his father-in-law Fieldmarshal Phin Chunhawan. Efforts are now being made to introduce slowly a democratic form of government but that will take a long time. Meanwhile the army-police-navy-airforce through high officers are controlling the fortunes of the Thai people. The royal house enjoys universal popular love and loyalty but has no direct influence on government.

An opposition does not exist openly but under Pridi Phanomyong, one of the leading politicians of this century and who enjoyed very much support in the past, a group of leftists and communists have combined forces to overthrow the semi-military government. Pridi is in China and has become, for the time being, a tool of Mao Tse-tung—but it is likely that under changed conditions Pridi would turn against Peking as it has always been the Thai policy to keep China as far away as possible. Because of his communist affiliations and the Buddhist impregnation of life in Thailand, Pridi has lost most of the support he formerly enjoyed, and therefore the government in Bangkok need not fear him. The sinister machinations of Peking however deserve close attention, by Bangkok and the democratic world at large. Thailand being strongly supported by the US, thus having secured the best possible guarantee in our times, faces favourable prospects. Indeed, the country is better off than most other countries in Asia.

CURRENT DEVELOPMENTS IN MANILA

The month of August closed with no marked improvement in the pattern of the economy. The soft spots noted in the economy during the months previous continued to prevail during the month under review. The up-turn noted in the over-all cost of living prices index depressed the purchasing power of the peso which sagged to as low as 0.3187 points. Philippine foreign trade for the first six months of the year showed that while total trade increased by P96.9 million over the like period in 1954, the trade deficit for the first six months of the year stood at P151.4 million against the 1954 trade deficit of P57.3 million, or an increase in trade deficit of P94.1 million.

Highlights of August developments were:— Cost of living gained further by 1.8 points from the July level and 2.4 points from January, reaching a new high during the year at 313.8 per cent. Prices of selected commodities continued to rise moderately with the all-items retail prices index (1949=100) gaining by 0.2 point from the previous position. The general wholesale price index (1949=100) also inched ahead fractionally by 0.2 point with the wholesale price index for exports declining by 6.4 points from July. External trade showed signs of improvement. The trade deficit dropped by P14.4 million brought about by a decline of P9.4 million in imports and an increase of P5.0 million in exports. Total trade for August reached P181.1 million consisting of P102.5 million worth of visible items of imports and outgoing shipments valued at P78.6 million, showing a net decrease of P4.4 million from May but P29.4 million over the year-ago level. International reserves increased by \$3.20 million, topping the previous month's rise of \$3.06 million by \$0.14 million, reaching a total of \$254.29 million. This level is still \$12.36 million below the January figure and \$56.78 million short of the year-ago total. Foreign exchange receipts and disbursements showed a net disbursement of \$2.24 million offsetting the net receipt of \$1.64 million in July. Money supply in June registered a total of P1,209.9 million, up by P1.3 million from the May position and P9.5 million from June last year. Domestic credits reached an unprecedented peak of P1,531.5 million in June registering an increase of P73.0 million from the previous level.

Securities market had a bullish trend during August, establishing record sales heretofore unsurpassed since liberation. Shares traded during the month totalled 141,092,273, valued at P25,077,393 as against 21,498,115 shares, amounting to P3,080,160, either sold or exchanged in January. Month ago transactions disclosed that the number and value of shares traded were 50,236,527 and P12,560,155, respectively, off from the prevailing month's totals. Nominal free market quotations for gold stood at P98.50 per fine ounce during the latter part of August. Building construction in Manila: total of 357 building permits, valued at P2,980,100, during August. From totals in July, this month's number increased by 7 while their corresponding value declined by P173,540. Compared with the number and value of permits granted in January, the current month's figures increased by 32 and P885,200 respectively. Staple products suffered price declines in copra, coconut oil and rice while prices of hemp and sugar moved upward. Copra lost P2.50 per 100 kilos, coconut oil P0.0487 per kilo and rice P0.16 per sack of 56 kilos. Hemp gained by P1.91 and sugar P0.05 per picul.

BUSINESS CONDITIONS IN HONGKONG

The Chinese General Chamber of Commerce recently called a meeting of the representatives of various trades to discuss local business conditions during the first six months of this year. Without exception, everyone at the meeting blamed the UN embargo for the decline of trade in Hongkong and demanded that the Chamber should do something towards the lifting of the embargo.

Importers, Exporters and Dealers in China produce reported that on the whole, prices of popular items were steady during the period. Imports of beans and oil seeds from China doubled the quantity for the same period last year. About \$10 million worth of rice reached here from China. Supply of other items from the Mainland was also well maintained. However, due to restrictions imposed by countries in Southeast Asia on imports of China produce, re-exports were much limited in quantity. Many countries insist on certificates of origin for such imports. In the past, Ceylon was one of the best customers of Hongkong for China produce. This year, Ceylon bought very little from here due to the shortage of her foreign exchange reserve. According to these representatives, Ceylon's shortage of foreign exchange was caused by the UN embargo which limited her exports of rubber and tin. These traders seem to forget that large quantities of rubber are being shipped

to China under Ceylon-China trade agreements and that Ceylon is now getting most of her Chinese staples direct from China. Burma, Malaya and India are also trading direct with China.

Chinese general Importers and Exporters complained that the turnover during the period was lower than that for the first six months of last year. The abolition of the "Essential Supplies Certificate" system for the import of strategic items had not improved the situation. China traders reported more imports than exports but the trading total for the period was better than that for the same period last year. Trade with Indochina was limited mostly to exports to that country. Most of the exporters who had shipped their consignments to Indonesia under 1 year credit term were discouraged by this financial burden. Exports to Singapore were active during the period. Trade with Japan was still limited by the UN embargo; while exports to US, the Philippines and Korea were curtailed by the embargo on Communist goods.

Metal Dealers regretted that the abolition of the E.S.C. system had not improved their business due to the limited export demand. Dealers in **Machine Tools** complained that as a result of the UN embargo their business had dwindled to almost nil.

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city of carbon dioxide was increased by 150 per cent with the erection of new plant enabling daily production to rise from two tons to five and the Colony's yarn spinning mill exported more than 2½ million dollars worth of acetate viscose yarn and staple fibre to Indonesia, South Africa, Australia and South Korea.

Considerable interest has been shown in the special small factory scheme put into effect by the Singapore Improvement Trust during the year. Early development within the Trust industrial estate had been based on a disposal of sites having an area of 80,000 sq. ft. It soon became clear, however, that it would be advantageous to make available smaller sites and an area of 7 acres within the main estate was set aside early in 1954. It was subdivided into ten sites of 16,000 sq. ft. and four of 24,000 sq. ft. served by enclosing roads and a railway reserve.

The Colony's tin smelter is on the island of Pulau Brani. Severely damaged during the war, it has now been completely rehabilitated. Nearly all the 2,200 people living on the island are directly or indirectly supported by it. Its largest source of ore is the Federation of Malaya but imports are also brought from Billiton, Banka, Siam and further afield.

Cottage industries in Singapore are of minor importance. The main products are baskets, pottery, fish nets, incense, wood carving and silver work.

There are no mines in Singapore, but granite is found in the centre of the island and on the islet of Ubin. This has given rise to a not inconsiderable quarrying industry and 14 quarries were in operation during 1954, two by the P.W.D. and City Council and 12 by private firms. Their total output was approximately 540,960 cubic yards as compared with the 400,00 cubic yards of the preceding year.

In addition to granite, claying soil predominates in the western parts of the island and has given rise to an expanding brickmaking industry. Sixteen factories were in production during the year, two of which were new-comers, and their total output was 51.2 million bricks, approximately 3 millions more than in 1953.

Weaving Mills: Demand from overseas, particularly UK, was maintained throughout the half year. **Piece Goods Merchants:** Business was slow but steady. **Paper:** Local consumption and overseas demand were strong. Profit was cut to a very narrow margin when indent cost advanced and buying offer remained low. **Industrial Chemicals:** There was no improvement from last year's sluggish trend. **Skins and Hides:** Demand from Europe declined. Japan bought these items direct from Thailand instead of from the local market. Prices here were steady on account of improved local demand. **Hogs, Eggs, Fruits and Vegetables:** Business was maintained at the normal level as supply from various sources was quite abundant. Local purchasing power, however, was lower this year and there was an increasing number of bad debts. **Wheat Flour:** Limited to local consumption. Prices were barely steady. **Rice:** Prices registered a steady decline during the period. **Electrical Appliances:** Limited to local sales. Keen competition cuts profit to the minimum. **Nautical Instruments:** Business declined due to the drop in the number of vessels calling during the period. **Watches:** Local sales very slow. No figures given for extensive smuggling of watches to Japan and Southeast Asia. **Shops and Stores:** Margin of profit was cut to the minimum under keen competition and because of the decline in the purchasing power of local residents. Tourists (mainly US) remained the best customers of local shops and stores. **Restaurants and Cafes:** Business declined from last year's level. **Pawn Shops:** Only very few pawned articles were redeemed by their owners.

Judging from the above reports, the lifting of UN embargo alone would not solve the problem. As one representative has put it, "Communist China's policy of restricting the imports of consumer goods has killed the hope of restoring the unrestricted trade which existed during the years immediately before and after Communists liberation of the Mainland." During the first half of 1955 local dealers were not able to exploit all the chances provided by the strong demand from Korea for various items. There was shortage of stocks and the lack of adequate forward offers. The situation has not yet been improved. With the exception of leading firms in this Colony, the majority of smaller traders were unable to adjust themselves to the changing trend and new trade patterns. Many complained about the narrow margin of profit under keen competition forgetting that profit in an honest trade should not be too big. Interpreting some of the reports, it is more accurate to say

that there was less speculative activity in the local market during the first six months of 1955.

UN embargo brought adverse effects and because of this authorities here and in London are taking steps towards the easing of the situation. But it is foolish to think that a business boom would result as soon as the embargo is lifted. We must look deeper into the problem and diagnose the symptoms correctly and take proper steps in good time to remedy the situation. For instance, in the dealing of China produce in the local market, overhead expenses are far too high and the adding of various charges on top of the selling price is a practice which is both confusing and

unattractive to a buyer. There are also import restrictions in various countries, but if Taiwan does not want to buy green peas of Chinese origin, offer them the peas from South-east Asia! If Ceylon has stopped to buy China produce from here, develop new markets elsewhere! There is much to be done in every trade and profession to meet the new environment. The key to success in international trade is to explore and conquer new markets and never look backward and cry over lost business. Most local businessmen have been spoiled by the highly profitable speculative activities during the years before the Communists took control of the Mainland. They should realize that only another war could revive that kind of opportunity.

HONGKONG-SINGAPORE AIR SERVICE

With effect from 11th October 1955, Cathay Pacific Airways, Ltd. are operating an additional service, Hongkong/Singapore direct, which will bring their services all operated by pressurised, air-conditioned DC.6 aircraft, to four weekly services, Hongkong/Singapore. This newest service between Hongkong and Singapore will be operated direct with no stops en route, and will be departing Hongkong at 6.00 p.m. every Tuesday, and arriving at Singapore at 10.25 p.m., local time, the same day.

With this new service, Cathay Pacific Airways, Ltd. will reduce the flying time between these two ports to 5 hrs. 55 mins., which will be the fastest service operated between these two points. The added advantages regarding this direct non-stop flight are that those passengers who, for

reasons of business or pleasure, wish to utilise the day in Hongkong, may complete their day's affairs and join this flight at 6.00 p.m., during the course of which dinner will be served, and will arrive in Singapore at the satisfactory time of 10.25 p.m. Similarly, for those passengers returning from Singapore to Hongkong, the flight departs at 11.35 p.m. on Tuesdays, and arrives in Hongkong at 7.00 a.m. on Wednesdays. Therefore, a complete day's business can be done in Singapore, and passengers will arrive in Hongkong in time for business hours the following morning. The further advantages are that sleeping bunks are available (for an additional fee) in both directions, and passengers should therefore arrive refreshed after a very comfortable trip in this fast, pressurised, air-conditioned aircraft.

FINANCE & COMMERCE

RICE TRADE IN 1955

In Japan, more rice was harvested in 1954 than in 1953, and 1955 imports will be lower than 1954. Reduction in imports will be smaller than the increase in domestic production; i.e., about 650,000 tons more, in terms of milled rice, were grown in Japan, while imports may fall by about 400,000 tons, this difference being due to a reduction in imports of other grain.

India's harvest is smaller by 3.5 million tons of milled rice, and imports may show a fall of 300,000 tons. To some extent, this gap will be narrowed by the increase in India's wheat production. India's rice imports in 1954 and 1955 were of an exceptional nature. They were in fulfilment of a single transaction with Burma, aimed at achieving a financial settlement and at constituting a food reserve.

Indonesia, with only a moderate increase in production, continues to reduce its imports. In 1955, these were originally expected to be about 50,000 tons, but now they may be increased to 100,000 tons as a result of flood damage to crops in central Java. The Philippines, which had ceased to be net importers in 1953 and had bought only 16,000 tons in 1954, may import as much as 100,000 tons in 1955. Malaya, Singapore, and Hongkong are importing at a rate considerably higher than in 1954, when stocks were being reduced, but the totals probably will remain well below the levels of 1953.

For the third year in succession, rice shipments are being determined by the decisions of importers rather than by quantities available for export. The 1954/55 crops though smaller than those of the preceding year, plus the

stocks carried over from previous years, would again have enabled exporting countries, as a whole, to ship substantially more than importers are willing to take at prices currently prevailing. The proportion of their export availabilities which individual countries will succeed in shipping before they gather their 1955/56 crops naturally will vary and, in some cases, differ from those of the preceding year. The countries of Southeast Asia which both in 1953 and 1954 did not sell substantial parts of their crops, will probably enter the next season with much smaller stocks, while the United States and the Mediterranean exporters are likely to increase their carry-overs to a marked degree.

In 1954, Burmese exports rose sharply—by about one half—while those of Thailand fell by one quarter compared with 1953. The current year has seen a recovery in Thai shipments, which in the first six months were 50 percent higher than in the first half of 1954. Burmese shipments also increased during the first few months of 1955, when they included the balance of last year's contract with India. While supplies available in Burma would permit exports on a larger scale, the difficulty is to find satisfactory markets. As regards Thailand, a continuation of shipments during the remainder of 1955 on the scale of the earlier months may mean the exhaustion of exportable stocks.

Exports from Cambodia and Viet-Nam are certain to be lower this year than in 1954, when Cambodia's shipments almost doubled, while those of Viet-Nam rose by one half, compared with 1953. The exceptionally poor output in Cambodia—scarcely more than one half of the previous year's crop—has made that country seek to import rice this year. Small quantities, for seed from Thailand,

and for consumption from India, have already arrived, but technical difficulties may keep Cambodia's imports below previous estimates. Laos, too, had a poor harvest and had to import rice. Political disturbances are limiting exports from Viet-Nam.

Pakistan was one of the principal rice exporters in 1954. Estimates place exports at about 200,000 tons. Present stocks would enable shipments to be continued at this rate, but, owing to marketing difficulties, it is doubtful whether this will be attained, unless substantial quantities of old crop rice are exported for animal feeding and industrial uses. The devaluation of the Pakistan rupee should facilitate exports of rice.

Taiwan is expected to increase its shipments during the current year, following an agreement with Japan. Exports for the first five months of 1955 have already doubled the total 1954 shipments of 36,100 tons.

China, formerly one of the main importers and recently one of the exporters, appears to be both importing and exporting rice in 1955. The exports will probably be larger than the imports, perhaps even twice as large. Since recent production estimates have ranged between 60 to below 50 million tons of paddy, it is impossible to make any forecast of China's trade in rice.

JAPAN'S RICE IMPORTS

In 1955, the world's foremost rice importer again will be Japan, which has occupied this rank since 1952. Its imports during the calendar year 1954 marked a postwar record; over 1.4 million tons, but 500,000 tons less than prewar average. Fifteen countries contributed to these imports, but about three quarters of the total came from Thailand, the United States, and Burma. Although Thailand retained the first place among Japan's suppliers, its

share fell both relatively and absolutely, while those of Burma and the United States rose sharply. Nothing was brought in from Korea, which used to furnish well over one half of Japan's rice imports, and Formosa, the other former main shipper to Japan, supplied only about one twentieth of the prewar figure. Italy and Spain ranked fourth and fifth among 1954 suppliers, while the sixth place went to Mainland China. An unusual item was the import of 31,000 tons from Ceylon, this being a re-export of Chinese rice.

The 1954 imports were not spaced out evenly over the year. Almost three quarters arrived during the first five months, never falling below 140,000 tons per month. During the remaining seven months, monthly imports never exceeded 100,000 tons, being at their lowest during November and December.

The low rate of imports during these last months continued at the beginning of the present year, the preliminary figures for January-February showing a monthly average of only about 36,000 tons. There was a striking change in the distribution of sources, since all 1955 imports came from Asia, and almost all of them from the two neighboring countries of Formosa and Mainland China. Subsequent months, however, will change this picture, since trade agreements with Thailand and Burma will lead to shipments of at least half a million tons from these two countries, while some rice will also come from Europe following barter deals with Italy. Imports from the United States may rise.

Total imports into Japan will be lower in 1955 than in the preceding year. The Japanese crop harvested towards the end of 1954 was 11 percent larger than the unusually poor crop of 1953, and since the government appears to pursue its policy of maintaining total rice rations (i.e., for indigenous plus imported rice) at the level of the last few years, the additional indigenous supplies available will lead to a reduction in imports rather than to an increase in consumption. Per caput consumption of rice will thus be slightly less than 300 grams per day, as against about 368 grams before the war, while the consumption of other cereals has meanwhile risen from 76 to 120 grams. Probable imports for 1955 may be estimated at about 1 million tons.

HONGKONG EXCHANGE MARKETS

For the week 17th to 22nd October:

U.S.\$				
Oct.	T.T. High	T.T. Low	Notes High	Notes Low
17	584½	584	578½	577½
18	584½	583¾	578½	578
19	584½	583¾	578½	577½
20	584½	583¾	577½	577½
21	584½	584	578½	577½
22	584½	584	578½	577½

D.D. rates: High 582½ Low 581½.

Trading totals: T.T. US\$1,630,000; Notes in cash US\$310,000, forward US\$1,590,000; D.D. US\$335,000. The market was very quiet with little change in rates. Shippers sent small shipments of notes to US to cover T.T. sales. In T.T. sector, demand from gold importers was strong but on account of numerous offers from Bangkok, Japan and Korea, rates failed to improve further. In Notes, the difference between T.T. and note rates was reduced further. Interest favoured sellers and amounted to \$1.69 per US\$1,000. Positions averaged US\$1½ million per day. In D.D., business increased with more overseas Chinese remittances.

Yen and Piastre: No forward was traded. Change over interest for for-

wards: \$10.24 per Yen 100,000 in favour of buyers and \$4.10 per Piastre 10,000 in favour of sellers. Cash quotations: \$1,520-1,440 per Yen 100,000 and \$650-400 per Piastre 10,000. Yen improved on good demand but Piastre dropped heavily with the approach of the deadline for converting them to the new currency.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.96-1.95, Japan 0.014125-0.0139, Malaya 1.88, Indochina 0.0784-0.0740, Thailand 0.257-0.253. Sales: Peso 360,000, Yen 110 million, Malayan \$375,000, Piastre 9 million, Baht 6 million.

Chinese Exchange: People's Bank notes were quoted at HK\$1.70-1.65 per Yuan with very small business done. Taiwan Dollar notes were HK\$175-159 per thousand and remittances 154-151. Remittances from here to China increased during the week.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.41-15.36, Australia 12.10-12.08, New Zealand 13.62-13.60, Egypt 14.90-14.80, South Africa 15.25-15.23, India 1.17375-1.17, Pakistan 1.005-1.00, Ceylon 0.96, Burma 0.70, Malaya 1.836-1.835, Canada 5.805-5.795, Philippines 2.035-2.02, Macao 1.02-1.015, Switzerland 1.35, France 0.0152-0.0151, Indonesia 0.155-0.148, Thailand 0.243-0.242.

Gold Market

Oct.	High .945	Low .945	Macao .99
17	H o l i d a y		
18	253½	253¾	264 High
19	253¾	253	
20	253¾	253¾	
21	253¾	253¾	
22	253½	253	Low 263¼

The opening and closing prices were \$253½ and 253 and the highest and lowest \$253½ and 253. The market was very quiet. With only minor fluctuations, speculators lost their interests. Interest for change over in forward favoured buyers at \$2.45 per 10 taels of .945 fine. Tradings totalled 32,400 taels averaging 6,480 taels per day; positions averaged 22,500 taels. Cash sales amounted to 26,220 taels (3,420 listed and 22,800 arranged). Imports came from Macao and totalled 18,000 taels. One shipment of 56,000 fine ounces arrived Macao during the week. Exports totalled 19,500 taels (8,000 to Bangkok; 5,000 to Singapore; 4,000 to Indonesia; 1,500 to Indochina; and 1,000 to India). Differences paid for local and Macao .99 fine were \$12.80-12.50 and 12.40-12.20 respectively per tael of .945 fine. Cross rates were US\$37.77-37.75. 56,000 fine ounces were concluded at 37.75 C.I.F. Macao for delivery next week.

Silver Market: The market remained steady and trading limited by short stock. Bar silver quoted \$6.50-6.40 per

tael with 2,000 taels traded; \$ coins \$4.17-4.12 per coin with 2,500 coins traded; and 20 cent coins \$3.18-3.15 per 5 coins with 2,000 coins traded.

HONGKONG SHARE MARKET

Popular shares improved slightly last week and the turnover totalled \$3.5 million. **Monday:** Holiday. **Tuesday:** The market was dull and featureless when trading was resumed after the holidays. The turnover only amounted to approximately \$570,000. **Wednesday:** With the exception of 100 Unions which changed hands at \$940, business was quiet and turnover amounted to approximately \$630,000. Rates were steady and practically unchanged. Higher advices for raw rubber led to some enquiry in this section with a slight improvement in prices towards the close. **Thursday:** Following the slight rise in Utilities, the market assumed a steadier tone and most shares improved slightly. Unions and Wheelocks were responsible for the bulk of the day's turnover which amounted to approximately \$1,100,000. Most stocks closed at the day's high. **Friday:** There was a slight all round improvement with the majority of counters closing at their best levels. Rates were inclined to harden under better enquiry. The turnover for the day amounted to approximately \$1,230,000.

SINGAPORE SHARE MARKET

For the second successive week rubber fell sharply and consequently markets were much subdued and prices tended to drift lower. All sections were devoid of bright spots and the total volume of business was below average. Industrials and tins continued irregular, but many rubbers were marked down. Political events cannot be regarded as unfavourable to local markets. In Singapore the Security Bill was enacted with a strong demonstration of Government's intention to deal with the canker in industrial relations. And the alignment with the Anti-Communist unions of several important bodies of industrial employees is heartening in the extreme. In the Federation the recrudescence of terrorism in certain areas must be weighed against the increasing number of amnesty surrenders plus the apparent authenticity of the offer to parley from the chief communist. On balance we rate the result an improvement.

In the Industrial section both Hammers and United Engineers suffered from the downward drift, the former had business at \$2.45 and \$2.43 and the latter fell to \$10.65. Straits Steamship came back to \$13.50. Straits Traders had sellers at \$24 and Singapore Cold Storage at \$1.67½. Malayan

HONGKONG AND FAR EASTERN TRADE REPORTS

An important development in the local commodity market last week was the strong demand from Indonesia for cotton piece goods exhausting local stocks of the specifications under purchase. Korea concentrated on paper and other popular items; Japan remained the most prominent buyer for China produce; but China, Taiwan and the Philippines made only selective purchases.

TRADE DEVELOPMENTS

Freight Rates: Effective from November 1st, freight charges from Hongkong to Singapore, Penang and Port Swettenham will be collected full without the usual 50% discount.

Taiwan Trade: Taiwan paper manufacturers petitioned the Government to

Collieries which were in demand last week ceased to be a feature with buyers difficult to locate. Sime Darby had sellers at \$1.95 and McAlisters at \$3.07½. Unaffected by cheerless conditions Wearnes remained in demand at \$2.87½, Robinsons had takers at \$2.20 and Gammons with exchanges at \$2.60 showed a gain of 2½ cents. Fraser & Neave were constant at \$1.75 cum all and Malayan Cement firm at \$1.60. There was very little doing in the Tin section. Petalings touched bottom at \$4.35 and recovered to \$4.40, Sungei Way had business down to \$3.30 while Rantau improved to \$1.82½ cum 20%. Despite renewed offerings from London, Lower Perak had little business but remained steady at 14/6. Austral Amalgamated had sellers at 15/3, Pungah were taken at 9/1½ and Takuapa at 19/-.

The turnover in the rubber section was considerably down, but at the end of the period the improvement in the commodity price caused some revival of interest. Sungei Bagan had business at \$2.34 cum 22½%, Bassetts at par and Kuala Sidim at \$1.82½. Daily turnover continued in Langkon (North Borneo) Prefs. from 2/6 to 2/5. Are rubber shares undervalued? Assuming a commodity price of \$1, and making allowance for the various grades of rubber, export duty at 12½ cents, replanting cess of 4½ cents (returnable) and a half cent research cess, efficient estates should make profits in the region of 35 cents a pound. In the list of those shares registered in Malaya there are quite a number of counters which should give a purchaser, at present price levels, a yield around 20% on his outlay and at the same time have net liquid assets closely approaching the value of the shares. A return of 20% must surely be considered sufficient to compensate for the vicissitudes encountered by the rubber shareholder.

The Loan section had little business. Local loan yields continue to compare unfavourably with those obtainable in London and Australia.

restrict the import of m.g. pure sulphite paper, tissue paper, and art printing paper in order to protect domestic industry.

Japan Trade: Tokyo earmarked US\$167 million for the import of raw cotton, insecticides, and fuels from Sterling and Dollar areas. During the week, the Anglo-Japanese Payments Agreement together with a new trade agreement was concluded. According to the first Japan-North Korea Trade Agreement (£5,000,000 each way) Japan would export electric appliances, paper, fishing nets, medical machinery et cetera; and import coal, fluorite, red beans. Japan also secured a \$60 million loan from U.S. to purchase American cotton.

Korea Trade: Seoul invited tenders to supply cement and feed supplements. Korea indented sugar direct from Taiwan and negotiated direct trade with Japan. These developments would eventually affect Korea's purchases in the local market.

Indonesia Trade: Indonesia would import 350,000 tons of rice to cover the deficiency due to poor crop this year. Quite a number of letters of credit reached here from Djakarta during the week. Meanwhile, the marginal deposit on L/C was raised in Djakarta causing new difficulties to Indonesian importers. To encourage export, Indonesia removed the 5% export duty on rubber. This action caused price-dipping of rubber in Singapore and New York. Djakarta also banned import of nylon tooth brush and exempted cotton yarns from "additional import payment."

Thailand Trade: Bangkok lifted the import ban on cotton yarns of 40's. Tenders were invited to supply a sugar refinery plant with a daily production capacity of 1,000 tons. Exports from here to Thailand constituted metals, textiles, paints, newsprints, etc. Higher commodity prices in Thailand and Bangkok's increased earnings of foreign exchange from rice exports encouraged and enabled importers there to buy more from HK.

Indochina Trade: Vietnam directly approached Japan and U.S. for supplies, resulting in a sharp decrease of trade with Hongkong.

Philippine Trade: The first shipment of 100 tons of Philippine sugar under the recently concluded barter deal arrived during the week. Hongkong exports to the Philippines receded to 40% of their usual volume. Only 50 tons untoasted garlic for seedling purpose were exported last week.

Burma Trade: Following Burma's direct trade with China, Rangoon signed a trade pact with Japan and obtained a loan from India. As a result, HK-Burma trade failed to improve. Ran-

goon also encouraged exports by permitting traders to retain 20% of their export foreign exchange proceeds for the import of necessary items.

Other Countries: To promote exports, India increased raw cotton export quota to 250,000 bales, and exempted black pepper from export duty. Pakistan concluded a US\$1 million deal with Hongkong for the barter of American cotton against Hongkong yarns.

COMMODITIES

China Produce: Woodoil was still the most outstanding item of the week with very brisk turnovers. Price advanced nearly every day; as a result, exporters here suspended offers to Japan and Australia. The London market also improved and supply from China appeared to be tightening. Bitter almond climbed up sharply on account of low stock and possible suspension of supply from China. Prominent among popular goods were hog casings and silk wadding which registered price gains. 2,300 cases of rosin were shipped to Japan. Dried ginger moved up on dwindled stock. Maize and jute remained steady with orders from Japan, while untoasted garlic enjoyed demand from the Philippines. Wheat bran and groundnut kernel were steady with strong local consumption. China tea dipped but Taiwan tea remained steady. Sesame receded due to low buying offers from Japan; later recovered with improved demand. Aniseed star went down as demand from Europe was weak; menthol crystal followed the same trend when China's export floor price was lowered. Cassia lignea declined despite orders from India; unscrapped cassia dived on account of heavy stock. Citronella oil was kept steady by speculative buying while the world market was weak and supply abundant. Soya bean was improved by strong export and local demand. Green peas were purchased by S.E. Asia and price remained firm while red bean retreated under selling pressure.

Paper: Export demand was brisk for most of the popular items but trading limited by low stocks and sharp price increases. Woodfree printing stock was almost exhausted and near-forwards were taken by buyers. Glassine advanced on strong Korean demand. Other items drawing buying interests from Korea were transparent cellulose paper, tissue paper, aluminium

foil, m.g. white sulphite, m.g. pure sulphite, and art printing paper with prices all advanced. Straw board and duplex board enjoyed local demand, while flint paper favoured by Thailand. Local prices for newsprint in reels were lower than indents but there was no export demand; newsprint in reams was in better demand at steady prices.

Metals: The export ban on some items imposed by Japan stimulated metals in the local market. Transactions were still limited to factory items and structural steels. Export demand remained slow. Stock of black plate waste was exhausted and traders resorted to forward cargoes. Mild steel plate received support from Thailand and Korea as well as from local traders; price went up. Zinc sheets registered sizeable sales to China. Baling hoops drew both local and export demand at increased price. Galvanized iron sheets were pushed up by increased indent price but registered small local sales. Galvanized iron wire was steady with demand centred on Chinese products. Black plate remained firm in spite of weak demand. Mild steel round bars enjoyed local and Thai demand with slight gains. Mild steel angle bars were short in stock; price improved. Local demand also covered wire rod, brass rod, cast iron, galvanized and ungalvanized iron pipes. Tinplate and galvanized steel plate declined: the former due to selling pressure and the latter on account of heavy stock.

Industrial Chemicals: Export demand was sluggish; however, in the latter part of the week, Korea, Thailand, Indochina, and China stepped in to create a brighter picture. Carbon tetrachloride received support from Korea and price forged ahead; petrolatum also favoured by the same source with slight gains. Korean purchases included formalin, methyl alcohol, industrial tallow and sodium cyanide. Sodium hydrosulphite drew buying interest from China when the local market price went below indents. Copper sulphate turned bullish as a result of Korean purchases and higher indent price. Gum arabic recovered on absorption by Japan and Korea; while gum damar and gum copal improved on advanced indents. Red phosphorus was low in stock; price firm. Sodium nitrate and acetic acid moved up on short stocks. Prices of shellac and sulphur powder remained unchanged. Citric acid retreated as seasonal demand was over and tanning extract had only enquiries but no business.

Pharmaceuticals: Market was not very active although there were enquiries from Thailand, Korea, and Taiwan. Aspirin powder and saccharin crystal drew purchases from Thailand; santonin crystal and glucose powder received support from Korea. Balsam tolu advanced on short stock while sulfonamides reported higher but nominal quotations. Local demand kept penicillin preparations, saccharin lactose, rimifon tablets, creosote, gum acacia, gum tragacanth, and dihydrostreptomycin on steady levels: while potassium iodide and quinine ethylcarbonate received export enquiries. Phenacetin was low in stock and price advanced.

Cotton Yarns & Piece Goods: Cotton yarns were bearish and registered light transactions but turned active on local purchases towards the end of the week: Hongkong goods steady while Indian yarns weak due to heavy arrivals. Cotton piece goods improved with strong demand from Indonesia and local mills. It was learned from well informed circles that cotton yarn here was formerly recorded 70% for export and now changed to 60% for local use.

Rice: Prices were depressed by increased supplies. Only Burmese rice, new crop, gained slightly.

Sugar: Market remained dull all the week. Taikoo sugar, both fine and granulated, remained unchanged while Cuban brown dipped. Japanese fine firmed up on low stock while Japanese granulated declined. Thai malt sugar first advanced on low stock; later retreated when 300 bags arrived.

Cement: More supplies arrived from Japan and China. Business was brisk during the week.

Hongkong Products: Export of HK products to Africa showed improvements. Exports to U.S. were handicapped by the competition of Japanese products which enjoy exemption of 20% import duty. For bamboo fence sticks, orders for more than 20,000 packages were received from U.K. Indents from U.K., America, Indonesia and other territories for embroidered and beaded shoes and slippers registered increases lately. Substantial orders for cotton knitted goods were received from Malaya, Singapore, Africa, Thailand, Indonesia and U.K. Paper parasols enjoyed a good market in S.E. Asia.